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JPRS 81414

30 July 1982

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# Latin America Report

No. 2547

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## LATIN AMERICA REPORT

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## ENERGY SECTOR FORCED TO UNDERGO SIGNIFICANT CHANGES

Buenos Aires ENERGEIA in Spanish Jun 82 No 25 pp 598-599

[Text] The changes which took place in the country, starting on 2 April 1982, have transformed the nation's life. The fallout, in Argentina's case, must be expressed quantitatively in terms of their repercussions on sectors, such as the energy sector. This sector in particular is of special significance because of its intrinsic importance and its future economic and political effects. In this context, the energy secretariat launched an effective campaign aimed at energy savings both in terms of electricity and in terms of liquid fuels. This campaign is intended to yield surpluses which can enable Argentina to export more fuel oil and possibly petroleum.

In effect, according to observers of economic events throughout the nation, particularly concerning the electric power sector, the recession which the country had entered prior to the conflict with the United Kingdom over the recovery of our Malvinas [Falkland] Islands, the trend toward a decline in the demand fully matched the electric power output. In other words, we produced as much electricity as we needed. From the viewpoint of petroleum extraction--in spite of the declining tendency in the output observed since last year above all due to a substantial drop in the contribution from enterprises in the private sector, contractors of YPF (Government Oil Deposits) who had forced the latter to step up its output--we also became virtually self-sufficient.

These observations, plus the recent energy savings campaign, are beginning to promote the prospects, first of all, of Argentina's self-sufficiency in the energy field and, what is even more, we can now begin to detect the possibility that Argentina might begin to earn foreign exchange from fuel export operations and possibly from the sale of crude on markets such as the Brazilian market. This idea is supported by recent discoveries of petroleum in the Cuyas basin where initial drillings pointed to promising production possibilities although in preliminary terms as of this time.

If, to recent discoveries in the southern basin, we add the discovery in the Province of Mendoza, 50 kilometers from the capital of the Province of Cuyas, and if we furthermore add a specific definition on the renegotiation of the petroleum contracts, which in the light of current events are very far from exclusively looking out for the interests of the private sector and which on the contrary will center on the interests of the nation, then, in this case, we have taken a real step on the YPF front, both in terms of extraction production and

in terms of fractionation and refining of hydrocarbons so that we may well assume that Argentina in a short time will be able to become another petroleum exporting country.

This undoubtedly is one of the big changes that has taken place in the outlook with which we contemplate the country's petroleum future according to the above-mentioned observers. The other item here, where we can also see substantial changes, involves the electric power sector. The Electrical Equipment Plan launched on the basis of the philosophy of giving priority to hydroelectric power generation, according to sources in the Energy Secretariat, at least regarding the projects undertaken by the Water and Electric Energy Enterprise, during the current year, will be carried out in accordance with the timetable. In other words, in 1982, we will have [illegible word in photostat] projects such as the Toro hydroelectric power plant with an installed capacity of 130 Mw and 316 million kWh/yr. It is located on the Diamante River, near the City of San Rafael, in the Province of Mendoza.

Looking at thermoelectric power, the Guemes power plant, which is being built in the vicinity of the capital of the Province of Salta, is one of the facilities that will be placed in service during 1982 with an installed capacity of 120 Mw and 720 million kWh/yr power generation. Plans also call for the completion of the gas turbine with an installed capacity of 16 Mw in the City of Comodoro Rivadavia, in the Province of Chubut.

Likewise planned for this year are the Lower Tunuyan River transformer station in the Province of Mendoza, the transformer station in San Antonio Oeste, in the Province of Rio Negro; expansion of the transformer station at Santiago Centro, Province of Santiago del Estero, and the station at Sorrento in the vicinity of the City of Rosario, Province of Santa Fe. Plans also call for the expansion and remodeling of the Atucha transformer station in the Province of Buenos Aires as well as the start of the 500 kV transformer station at Rio Tercero, belonging to the National Interconnecting Grid. The program for the current year also includes repair work on the Belen dam located in the Province of Catamarca.

In this context, we must make special mention of the alternatives which also include the two-nation hydroelectric project of Yacyreta, as a consequence of the same changes we mentioned at the beginning of this article. The first point here is that Argentina in May paid EXIMBANK the first installment of \$70,000 for purchases planned for this undertaking. This leaves us with the June and September installments in connection with which, above all in the case of the latter, it is necessary to spell out the equipment and investment program for civil construction engineering projects for that power plant.

Basically, the payment made is a clear indication that the progress of this project has not been held up at least for financing purposes. But perhaps this is not the most spectacular aspect; what does seem to us to be a new fact in the Yacyreta situation is the appointment of the Argentine representative to this two-nation agency. We were able to determine--and the sources from which we obtained this information were furthermore quite sure on that score--that this appointment would go to the former undersecretary of the Hydroelectric and

Thermal Energy, Engineer Bernardo Bronstein. His appointment was approved by the highest national authority. Now we must say--for the sake of truth in information--that this situation has changed considerably. In other words, this appointment will not go through. Moreover, Engineer Bronstein himself confirmed his retirement upon the suggestion that he become the Argentine representative with that agency.

What are the reasons for this change? This is a difficult question to resolve because of Bronstein's personality and the respect which he deserves.

Projects to Be Completed in 1982

Geographic Location	Project	Features	Completion	Figures in Millions	\$1=4,000 pesos as of June 1981
Mendoza	C.H. Agua del Toro	2x65 Mw-GEN 316 GWh/yr	October	1,528,100	(1)
Salta	C. T. Guemes	2x60 Mw - Ty	December	510,148	
Tucuman	C. T. Independencia	Perimeter Road	May 82	400	
Santa Fe	C. T. Sta. Fe Oeste	Natural Gas Supply	Sep 82	1,359	
Formosa	C. T. Formosa	Mont. T6.16 HM-Tanq. Comb.	Oct 82	28,767	
Mendoza	C. T. Lujan De Cuyo	Supply and Assembly, Sep- apparate Centrifuges	Sep 82	2,434	
Chubut	C. T. Comodoro Rivadavia	16 Mw - T6	Dec 82	29,522	
Chubut	C. T. Comodoro Rivadavia	Restoration TG 16 Mw	May 82	1,628	(x)
Bs. Aires	La. T. Ramallo-San Nicolas	Trans A 220 kv Line 132kv	Jul	921	
Stgo. del. Estero	E. T. Stgo. Centro	Ampl. 15 Mva-132 kv	Jun	3,737	(2)
Bs. Aires	E. T. Atucha	Remodeling and Expansion, 150 Mva, 220 kv	Oct	7,192	(2)
Santa Fe	E. T. Sorrento	Expansion, ET 44 Mva, 132 kv	Jun	1,928	(2)
Mendoza	E. T. Bajo Rio Tunuyan	30/30/10 Mva-132/66/13.2	Sep	2,576	(2)
Rio Negro	E. T. San Antonio Oeste	7,5/5/7,5 Mva-132/33/13.2	Dec	5,637	(2)
Litoral	Desp. Cargas Reg. Litoral	Remote-controlled Electric- cal System	Oct (3)	157,766	
Sta. Fey	Sistema de Telecomunic.	Aug		4,448	
Cordoba	Litoral Centro				
Catamarca	Dique Belen	Repair, Dam	Jul	1,975	
Mendoza	Edificio Gcia. Reg. Guyo		May	59,197	

(\*) Does not include V. C. Financieros, management and inspection expenditures for the project, VAT, expenditures connected with imports;  
(X) Repair costs;  
(1) Does not include reservoir development (18,618)  
(2) Does not include supply from Water and Energy  
(3) Opening date; CH--Hydroelectric Power Plant; ET--Transformer Station

## OIL PRODUCTION DOWN, IMPORTS RISE

Buenos Aires LA NACION in Spanish 23 Jun 82 p 5

[Text] During the first 5 months of 1982, petroleum output dropped 2.1 percent and coal output went down 29.7 percent compared to the same period of time the year before while the injection of natural gas increased 15.1 percent and electric power generation went up 2.3 percent, according to a report by the Energy Secretariat for last May.

## Petroleum

Petroleum output came to 2,441,200 m<sup>3</sup> last May, 1.4 percent less than in May of the prior year, when the figure was 2,474,700 m<sup>3</sup>. During the first 5 months of 1982, we produced 11,758,900 m<sup>3</sup> as against 12,015,900 m<sup>3</sup> (illegible) for the same period of time in 1981.

## Imports Up

Petroleum imports during the first 5 months came to 648,300 m<sup>3</sup> (18.3 [as published] more than the year before) and this required a foreign exchange expenditure of \$137,971,200 (13.5 percent more than during the same period of time in 1981). The total payments for fuel and by-products imports during the first 5 months came to \$320,751,600. Earnings from by-products exports came to \$221,333,400 (5.2 percent less than during the first 5 months in 1981).

## Coal

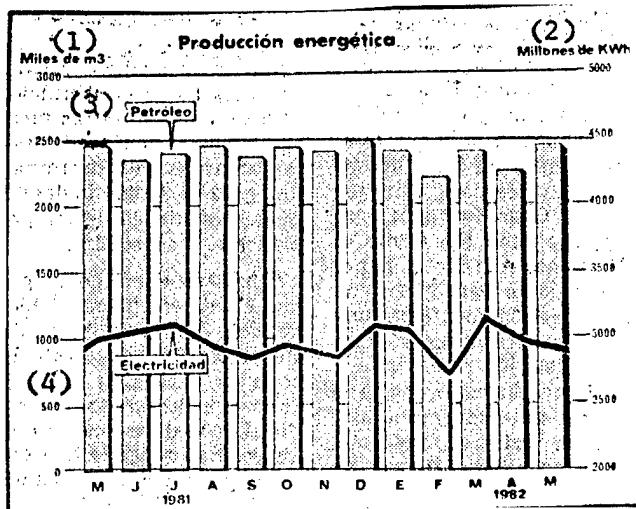
Last May, the output of saleable coal showed a drop of 44.9 percent when it came to 42,100 t as compared to 76,400 t in May of the preceding year. The total for the first 5 months came to 174,900 t, in other words, 74,000 t less than during the same period of time in 1981.

## Gas

The injection of natural gas at the head of the gas pipeline came to 1,021.6 million m<sup>3</sup> last May, with an increase of 16.9 percent. During the first 5 months, they came to 4,429.7 million m<sup>3</sup> with an increase of 581.9 million.

## Electric Power

The generation of electric energy in public-service power plants last May was 2,864.255 Mwh, 1.2 percent more than in May 1981. During the first 5 months, we generated 14,780,749 Mwh, as against 14,432,195 Mwh during the same period of time in 1981. Thermal energy accounted for 58.4 percent of power generation, hydroelectric energy provided 33 percent, and nuclear energy came up with 8.6 percent. Energy of thermal origin grew by more than 8 percent at the expense of energy of hydroelectric origin.



Energy Output. Key: 1--1,000 m<sub>3</sub>; 2--million kWh; 3--petroleum; 4--electricity

5058  
CSO: 3010/1756

## ELECTRIC POWER PLANTS DRAINING GAS SUPPLIES, SAYS OFFICIAL

Buenos Aires LA PRENSA in Spanish 29 Jun 82 p 6

[Text] The president of the State Gas Enterprise, Julio Bastitta Heguy, said that there can be no definitive solution to the gas shortage because of the large investment that would be required to cover the days of greatest consumption. He also announced that last Saturday a record was set in the transportation of that product, with some 39.5 million cubic meters.

In statements made to a feature writer for this newspaper, the official claimed that the enterprise would have to raise its rates by 70 percent to meet its costs. He noted, however, that this factor has no direct impact on the inconveniences suffered by consumers at this time.

"The supply shortfall," he explained, "happens just a few days a year--about 20 days--because of intense cold, and the transportation network that serves State Gas has a limited capacity. Moreover, the transportation network cannot be geared to the load of the peak days (days of greatest consumption) and have idle capacity the rest of the year, because the cost of that investment would be too great."

In explaining why consumers have such disappointingly weak gas jets, he pointed out that when it is very cold, more gas is taken out of the transportation network than is injected into it, so the pressure drops.

#### Recourse

Bastitta Heguy indicated later that the only recourse available to the enterprise in such cases is to cut off supplies to electric power plants, which are the largest consumers. This gives it nearly double the capacity it usually has during the rest of the year.

He noted that the construction of the Central-West gas pipeline is not aimed at solving this problem, because the primary objective was to supply gas to the whole country throughout the year and to replace fuel oil consumption with gas.

## Alternatives

Moreover, the official pointed out that it is difficult to calculate the necessary investment for a 20-day gas supply, since it depends on the alternative chosen.

"Either the transportation capacity of the pipelines is expanded--bear in mind that 1 kilometer of gas pipeline costs nearly \$1 million--or reservoirs whose operation is very costly can be built, thereby driving up the cost of each cubic meter supplied."

In this respect, he said, the alternatives are costly, some from the investment standpoint and others from the operational standpoint. But in any case, rates would have to go up.

## Rates

Concerning rates, he stated that in order to bring the enterprise's costs in line with its rates, a 70 percent adjustment would be needed. But he noted that this factor has no direct bearing on the situation in question.

Finally, he said that yesterday supplies were normal, because over the weekend there tends to be a recovery as consumption drops. "Since the injections at the heads of the gas pipelines are kept at the same level, but less gas is taken out, there is some recuperation, and pressure returns to normal."

8926

CSO: 3010/1896

## BRIEFS

OIL CONTRACT RENEGOTIATION--An increase of \$50 per cubic meter of petroleum extracted will be granted by YPF [Government Oil Deposits] to the contracting companies according to operators connected with the energy sector. With this increase, the private companies will get \$100 per cubic meter of petroleum. The executive branch will release the decree that will implement this adjustment during the next several days. The new prices will apply to nine companies which are operating under contract. According to operators, a difference will somehow be maintained with respect to international prices which vary by \$160 per cubic meter. The requests from the private sector include a request for the grant of a margin of freely available petroleum for exports and the application of a simplified formula to determine the price adjustment so as to allow for the development of costs and the development of exchange parity.

[Text] [Buenos Aires ENERGEIA in Spanish Jun 82 p 604] 5058

WATER, ENERGY PROJECTS DESCRIBED--"The projects of Electric, Water and Energy, which are included in the execution program between 1982 and 1983, will be carried out in spite of the difficult circumstances in which we must operate now," said Engineer Raul A. Sanchez who is in charge of the enterprise. "These projects include the Agua del Toro hydroelectric power plant, which is being built on the Diamante River, near the City of San Rafael, in the Province of Mendoza; it will have an installed capacity of 130 Mw and an output of 316 million kWh," the official pointed out. According to the program drawn up by Water and Energy, this project will become operational next October. Another one of the projects mentioned by Engineer Sanchez is the Sorrento transformer station with a capacity of 44 MVA and 132 kV; it will also be completed shortly. He also mentioned the Guemes thermal power plant which will be ready next December. This is a power plant which will have an installed capacity of 120 Mw and 720 million kWh of power generation. In addition, the president of Water and Electric Energy said that the enterprise would need an average increase of around 20 percent in its rates although in some of the services it renders, the rate lag is more evident and that an increase of 30 percent would be necessary.

[Text] [Buenos Aires ENERGEIA in Spanish Jun 82 p 604] 5058

WEST-CENTRAL GAS PIPELINE EXPANSION--Five business consortiums have submitted offers for the construction of the 350-km gas pipeline between San Jeronimo and General Rodriguez which is an expansion of the recently opened West-Central Gas Pipeline. The line will make it possible to boost natural gas supplies to the Federal Capital and the entire urban area by 12 million m<sup>3</sup> per day, along with

supplies for secondary branches going to San Nicolas, San Pedro, Ramallo, Zarate, and Campana. Offers were submitted by the following companies: Construcciones Protexa S.A. de C. V. Jaime Bernardo Coll Construcciones, Techint S.A.C.I., Victor Contreras y Cia., Saipem S.P.A., Contreras Hnos. y Saipen Argentina, Consevial S.A. Ingenieros Civiles Asociados S.A. - Transpetrol S.A. y Gulf Interstate Engineering Co. lecsa S.A. - Impresit Sideco y Sade S.A.C.C.I.F. y M. [Text] [Buenos Aires ENERGEIA in Spanish Jun 82 p 604] 5058

OIL WELLS IN MENDOZA--The oil well recently discovered in the district of Anchoris, Department of Lujan de Cuyo, with a daily output of 1,078 m<sup>3</sup>, has "run out" according to the morning paper LOS ANDES. The source pointed out that, in technical terms, a well runs dry when the ground pressure completely obstructs the drill bit. It was added that "the oil level--with an output three times greater than that of Puesto Rojas in the southern part of Mendoza--had been located and that work was being done to check on the output." [Text] [Buenos Aires ENERGEIA in Spanish Jun 82 p 586] 5058

GAS SHORTAGE--Secretary of Energy Gustavo Petracchi stated that gas service will improve over the next few days, once the Central-West pipeline resumes full operations. He indicated that the gas shortage is a common problem a few days every year (because domestic consumption in winter is 8 times higher than in summer, mainly due to heating), and that this situation was aggravated because the new Central-West pipeline was damaged by the heaviest snowfall in 50 years. He explained that no plan is under study at his secretariat to cut fuel and energy consumption; thus he refuted rumors that emergency restrictive measures were being prepared. He stated that the wintertime gas shortage could be solved by a storage plant that would cost no less than \$60 million. The secretary noted that this is a major project that has been postponed in the public works plan so as not to aggravate the budget deficit. He explained that gas pipelines coming from more than 1,000 kilometers away converge in Buenos Aires. They come from Bolivia, Neuquen or Tierra del Fuego; the gas moves at 10 kilometers an hour, which creates a "quite serious" logistical problem. He said that some projects have been given high priority, and pointed out that it is more important to bring gas to the people of Cordillera than to provide more comfort for the residents of Buenos Aires. That is why this matter has been postponed. [Text] [Buenos Aires LA NACION in Spanish 29 Jun 82 p 6] 8926

DROP IN RESERVES--The Central Bank's reserves suffered a loss equivalent to \$49.2 million during the last week of June, bringing the total decline for that month to US \$478 million. This result, obtained from the bank's balance data for the period from 24 to 30 June of this year, came about in spite of the positive balance of 949.547 billion in the category of gold, foreign currency and other external assets (totaling 26,421,262,000,000 pesos), because that amount was absorbed by the deficit in other categories. The total of credits to financial entities revealed a new jump in this kind of assistance, specifically 596.282 billion pesos for the debts of institutions in liquidation. Thus, the balance of the account was over 85.9 trillion pesos. The money supply, on the other hand, reached 51,216,417,000,000

pesos, a growth of 2.3 trillion during the week. Temporary advances dropped by 1.1 trillion, and deposits in financial institutions--on the liability side--showed a decline of 3.1 trillion, totaling 13,956,029,000,000 at the close of that period. In the area of other obligations to the national government, the results of exchange operations registered an increase of 1,143,655,000,000 pesos, while obligations in foreign currency grew by 659.136 billion pesos. [Text] [Buenos Aires LA NACION in Spanish 2 Jul 82 p 8] 8926

CSO: 3010/1896

## BIOGRAPHIC DATA ON NEW PRESIDENT PUBLISHED

Buenos Aires LA NACION in Spanish 23 Jun 82 pp 1, 14

[Text] The new president of the nation, Div Gen Reynaldo Bignone (Ret.), appointed yesterday to this high office by decision of the Army will take over within 8 days in a situation which is as unique as it is difficult--unique because it is the first time that this service took over complete "responsibility for the political leadership of the national government" in the Process of National Reorganization, while the other two services, the Navy and Air Force abstained, and difficult because of the many problems and expectations arising during the postwar period which the country is going through.

The new chief executive is 56 years old and has a clean military record, which was the main requirement for his qualification; in the service he is considered a moderate representative of the "dialogue" line who managed to maintain good relations with various sectors in the nation's life.

He began his career in 1947 upon graduating the National Military College with the rank of 2nd Lieutenant of infantry and he reached the top ranks of the Army during the initial stage of the military process which began in 1976 under the presidency of Gen Rafael Videla.

When the appointment became known, it was announced in official circles that "his objective is, to the extent of his possibilities, to restore the country's wage level and production machinery" and that he would seek "a concerted institutional and democratic solution during the first months of 1984."

#### Past Record

His first assignment was the 12th Infantry Regiment after which he was reassigned to the 3rd Motorized Infantry Regiment in 1948 and a year later to the 25th Motorized Infantry Regiment.

On 31 December 1954 he was promoted to the rank of captain and was sent to study at the War College where he took the General Staff course in 1957. In 1958 he was assigned to the Army General Staff in the capacity of General Staff officer.

In February 1962 he was assigned to take a General Staff course in Spain and upon his return to Argentina in July 1964 he began a tour of duty at the Higher Studies Center as General Staff officer.

He was promoted to the rank of colonel on 31 December 1970 and on 1 December 1972 he was transferred to the Army high command as General Staff officer. At the end of 1975 he was appointed commandant of the Military College and became brigadier general. After that he was deputy commander of the Military Institutes and starting in 1978 he was secretary-general to the Army commander-in-chief. In 1979, he was promoted to the rank of general of division.

This in brief is the military career of General Bignone who became known to the general public when he reached general officer rank only 3 months prior to the military coup which ousted Estela Martinez de Peron and when General Videla, with whom his name began to be linked then, was army commander-in-chief. His name was also linked later on to the name of General Viola during whose term of office General Bignone was commandant of the Military Institutes. In other words, he held high posts during the first two stages of the process and last December, along with another 10 top commanders, he requested voluntary retirement. He was retired when the Military junta asked for the resignation of General Viola in a crisis which would be resolved with the designation of General Leopoldo Fortunato Galtieri to the position of chief executive.

#### The Beagle Issue

Decorated at the end of 1978 with the Peruvian Cross of Merit in the degree of the Grand Cross, General Bignone during the following 2 years performed outstandingly in connection with the Beagle issue and in the middle of the first of these years he made an initial trip to the Vatican--which he was to repeat later on--to be briefed, as representative of the Military Junta, by the Argentine delegates about the conversations which were taking place there as part of the Papal mediation effort and in turn to inform the Argentine authorities.

#### Process of National Reorganization

In June 1981, when he was commandant of the Military Institutes, during the discharge ceremony for resigning lieutenants in his command area, at the General Lemos Combat Support Services School, General Bignone delivered a speech, some of whose ideas must be recalled in order better to outline his position regarding the National Reorganizational Process. He said at that time that this "was and continues to be an institutional response to the dramatic possibility of the break up of the Argentine state and the final loss of the ethical and moral values that our rooted in Christianity and that characterized our nation since its birth under the protection of the human mind, the cross, and the sword."

No less definitive and timely at this moment is his statement made on the same occasion to the effect that "the documents of the Process will end up in a true and authentic democracy where the Argentine individual will be able to unfold as a person, with dignity and amid liberty."

5058

CSO: 3010/1786

## SABATO SPEAKS ON FALKLANDS AFTERMATH

Buenos Aires LA NUEVA PROVINCIA in Spanish 3 Jul 82 p 3

[Interview with writer Ernesto Sabato by Eduardo Falu in Buenos Aires on 2 July 1982]

[Text] His appearance reflects his cordiality and humility. His eyes, perhaps because they always attempt to see beyond the surrounding reality, appear tired behind the glasses which he frequently removes, as if they interfered with his thinking. "I am not much inclined toward granting this type of interview," he said, "not so much for my sake as for yours. I do not like to appear to be compromising anyone. But if you and your newspaper have no problem, I am at your disposal." He made this statement last night during the exclusive interview granted to LA NUEVA PROVINCIA.

The concept of a polemic Sabato, who says things with and whose words even have a dogmatic aspect, needs no further emphasis. As if he had seen a questionnaire in advance, his statements were precise and abrupt.

[Answer] You ask me if the country has a loser's mentality? It is not a problem of thinking, but the fact that it is losing. Nor can one compare a world soccer championship with the Malvinas Islands tragedy. Your question is germane, because the Argentines are indeed making the comparison. Argentines normally talk about the Malvinas Islands issue as if it were a kind of world cup. They believed that the 1978 feat would be repeated, and reciprocally. When they undertook to play Spain they did so thinking that they would wipe out their defeats in other fields. And this is insanity, since one cannot compare such dissimilar events. This is frivolous of the Argentine people, although it is also a universal evil.

[Question] Could this perhaps be an arrogant way of thinking?

[Answer] In fact it is. And I would say that apart from being arrogant, it is vain and boastful, as if we were a great power in everything from cattle to soccer and including various other phenomena. This indeed is a very serious shortcoming, and I hope that this setback we are experiencing now will serve to warn us, to correct us, because setbacks for nations and for men are fruitful and provide great lessons.

[Question] How would you define the average Argentine citizen?

[Answer] We have been boastful and arrogant throughout the world and in Latin America in particular. Our poorest brothers on this continent regard us with a mixture of admiration and resentment. The Argentine always shows contempt for them, and one of the positive consequences of the tragic Malvinas Islands episodes is that Argentina has rediscovered Latin America. Despite all of the humiliation to which we have been subjected, this fraternal feeling toward us is blossoming, with a feeling of admiration.

[Question] Despite these circumstances?

[Answer] Yes, and it has served this purpose too. The harsh blow dealt to our arrogance--that of the average Argentine--also has its positive aspect, in the long run, I believe.

[Question] Are we a great power?

[Answer] There has always been talk of a great power. How can we speak seriously of Argentina as a great power? It was a potential power in the early decades of the century, before the military began to disorganize the country. In the universal consensus, it had achieved real prestige because of a series of accomplishments, from the health situation in the country to literacy and including a number of attributes which identified it as a power with a great future. And we have been living on the dividends from that image. The country has been deteriorating, particularly in the last 6 years, within the context of a process which, curiously, is called "national reorganization." The domestic industry we had, which to some extent justified pride, has been totally dismantled. We have created administrative chaos; financial scandals have developed on all levels; education--on all levels--has been made a caricature of what it was in those years; and the final culmination has been this recent disaster.

[Question] Don't you hope that Argentina can become a great power?

[Answer] I hope it can become a serious country. A nation in which, for example, when one picks up a telephone, it works. Not big things. A country in which the men of intellectual and spiritual capacity will be where they belong, and not in some other country, as is the case now with the 2,300,000 emigrants from a country which was once one of immigrants and which needs immigrants. Of what kind of great power are we speaking, when we are draining its creative capacity, its brains, its youth, away from the nation? What I want is a country which provides a place for these technicians, these scientists, these researchers, so that they can win a Nobel Prize here, but not for Argentina. And then we can rebuild this nation in ruins.

[Question] If competent people should hold public office, what would happen to you?

[Answer] To begin with, I am not at all the kind of person for public office. I am a writer who has felt obliged because of the circumstances in our nation to participate to some extent, so to speak, in public life, through my opinions, my denunciations, my concerns, my statements. I am not good at this. But if one were to add together all the Argentine talent which is abroad and that within the country engaged in things which have nothing to do with this talent, while irresponsible men occupy the seats in the courts, the universities and the government--with the exceptions which always exist, because in our country not even the bad is good--we can move forward. There must be millions of individuals here capable of holding very important public posts in a nation which truly wants to be rebuilt.

[Question] Are you a polemic man?

[Answer] I am temperamental, a little violent, and impassioned. I do not have barley water in my veins, so I am led to engage in controversy, as I am doing now.

#### A Democratic Country

In other parts of the interview, Mr Sabato urged a democratic country, since, he said, there is not an iota of doubt about the general consensus in this regard. "Democracy has one virtue," he said. "If you do not like the government, no coup d'etat is necessary. It can be changed in the next election. There is a fallacy which is always brought forth as an example, and that is that 'the country is not prepared'." He then stressed that Dr Illia's government, without being radical, was characterized by its clearly democratic spirit, "and yet it was forced out of Government House by the police and the firemen in one of the most shameful acts recorded in the history of the country. And this was done by the armed forces, which talk at such great length about honor..."

#### Rendering of Accounts

Returning to the subject of the Malvinas Islands, Sabato said that "This disaster is the result of improvisation and disorganization, and shows that our military are not even fit for war." He then said that we must all engage in very harsh self-criticism of what happened, putting our best effort into emerging from this morass into which we are plunged.

"The most terrible thing happening to us Argentines is that we never ask for an accounting. This business of 'God and the fatherland demanded it of me' has come to revolt us, because such statements are so apocryphal, so false, so often violated that God would have to be asking something every day of Argentina, and the men in its government in particular, above all the strong-arm governments.

"When I speak of an accounting, I include all of them, from the smallest detail to matters pertaining to human rights and the war. I believe that the embezzlement due to financial corruption in these last 6 years comes to between 10 and 20 billion dollars, not to speak of the phenomenal increase in

the foreign debt. Everyone knows of the vast corruption in the state bodies, and everyone is "keeping score," from the small deals to the monstrous purchases being made abroad, the fantastic deals being negotiated in connection with huge projects.

"The democracy which emerges from this must have courage enough to see that those to blame pay for their guilt and to demand an accounting for all those who died in the Malvinas Islands, were left without limbs, were blinded or are missing."

Quoting Clemenceau, Sabato stressed that "War is too serious to be left to the military." Normally they know how to obey. "In our country, they know how to disobey, beginning with the constitution and the established authorities.

"The time has come," he emphasized, "for the military to understand that the country will not stand for any more and it will not tolerate yet another maneuver to ensure that the armed forces stay in power."

5157  
CSO: 3010/1897

## BIGNONE'S INITIAL RAPPORT WITH POLITICAL SECTOR NOTED

Buenos Aires LA NACION in Spanish 29 Jun 82 p 8

[Text] Since last Thursday, national politics has passed two major and apparently different milestones: the formation of the Bignone administration with the generalized consensus of the political parties, and a situation as yet to be resolved within the Armed Forces, whose leit motiv is the responsibilities emerging from the military setback on the Malvinas Islands. It would be naive to assume that the two issues will not overlap at some point, unless one forgets that the new president is the institutional offspring of the Army, the military branch where that situation is most manifest.

Gen Bignone has required relatively little time--perhaps the least time of anyone in quite a few years--to make his political ascent. If his case is compared with that of others who might have become involved in similar circumstances, it can be said that he is the only one who, emerging from an extraordinarily aloof source of power, has managed to gather around him--and win the praise of--all the national parties, even those which under similar circumstances have never before been willing to sit at the same table.

Sometimes fear can be the political stimulus of good causes, and at this point in our history it has acted upon both sides, the civilian and the military. The most immediate consequence has been that Gen Bignone instantly became the most powerful political figure amid the institutional disaster.

If any other original aspect of this situation needs to be noted, it is the fact that even before anyone knew of the laborious juridical scheme of power that would put him in office, Bignone found legitimacy in the attitude of the parties. Thus, if the parties had not concurred, the effort of the high command of the Army would have been thwarted. But now, while the "president of the institutionalization" is organizing his administration, it is becoming increasingly clear that those fears shared by the void, which have had a healthy and speedy impact, should be replaced by political intelligence.

As for the government, it should operate within the context of fair play that its leader initially pledged; and as for the parties, they should not assume the government will provide the answer to their respective intentions. An example of what is being said is the fact that Bignone's

favorable reference to the Multiparty program and the immediate conclusion by some spokesmen for the alliance that the government would take over the economy, are the only points of disagreement among the politicians.

#### In the Other Sphere

Certain observers are aware that when Gen Bignone made the well-known reference to the Multiparty economic philosophy, he meant his agreement with the document's assessment of the critical elements of our economic situation, rather than certain proposals that are not always mutually compatible. This idea, gathered from someone very close to the presidential designate, is supported by the qualifying remark that "certain incompatibilities are natural in view of the fact that the authors of the plan for many years were at loggerheads on the burning sands of the national economy." In any case, there is an overwhelming majority among the most conspicuous members of the Multiparty organization that shares the flexible view that the program "is a contribution, not a condition." Even Bittel said that when he reached Congress.

This issue has gone virtually unnoticed in the other sphere, the military. The magnitude of the debate at this time leaves no room for the affairs of Gen Bignone. There the concerns are measured with a different yardstick: the inevitable soul-searching after the war in the South Atlantic and, more to the point, the battle of Puerto Argentino. Reliable military sources last night predicted to LA NACION that in the next 10 days, shortly after the inauguration of the new government, the military governor of the Malvinas, Gen Mario B. Menendez, will return to Buenos Aires. He will immediately request that a court of honor be convened, in accordance with the observations made by former President Galtieri during his last meeting with the commanders concerning the defense of the island bastion.

Meanwhile, the doubts about the military leadership expressed in public demonstrations by officers and enlisted men give military observers the impression that the step Menendez may take could be the beginning of a well-traveled road which, some feel, should clear the air of doubts that are too serious to endure for very long. Others feel that this move could give rise to an uncertain climate that might even affect the government that was born out of a political hothouse.

There is no doubt that it is members of the Multiparty organization who wish to hush up the issue, and even support a future changeover without benefit of an effort to take stock. On the other extreme is Francisco Manrique, who disagrees so strongly that he has had to accept the resignations of two party officials (Drs Hernan Cibils Cobo and Octavio Alba Pose) who reproach his demand for the formation of courts of honor, as requested by Gen Menendez.

Manrique also took that ambitious proposal to the meeting of the politicians with Bignone, and afterwards he explained further, at our request: "Anyone can institutionalize," he told LA NACION. "But the country must be left in a governable state, and that is why I insist on three issues: 1) the 'dirty

war,' 2) the Martinez de Hoz administration, and 3) the Malvinas war. In this way we will bypass the well-known attempts at investigation that have done the country so much harm. The present government must give an accounting of these three matters so that, I repeat, in addition to institutionalization, we will be left with a governable country. We Argentines, once and for all, should lose our fear of the truth."

Although the president of the Federal Party's ideas clearly distinguish him in the party spectrum, that does not mean by a long shot that he is the only politician who has warned of a possible acceleration of events in the military sphere. And in that case, the alliance being forged with the parties by the government that will take office the day after tomorrow, takes on more significance than ever before.

8926

CSO: 3010/1837

## INDUSTRIAL SECTOR SEEKS POLICY REFORMS

Buenos Aires LA NACION in Spanish 2 Jul 82 p 11

[Article by Carlos Alfredo Rodriguez]

[Text] We all agree on the need for a clearly defined and politically stable "industrial profile." The experience of Dr Martinez de Hoz' administration was a failure in this sense, and we are still suffering the consequences. The greatest error, to my understanding, was trying to engineer tariff reform (which definitely determines the industrial profile) from the Ministry of Economics, through its secretariats and decrees by the Ministry that lasted only as long as the minister's term in office. The "industrial profile" (paraphrasing a former minister) is too important to be left in the hands of the Economics Ministry.

It is well known that a decision on the "industrial profile" involves enormous redistributions of income among the members of society. To each tariff structure corresponds a structure of implied subsidies that favors the income of one group to the detriment of others' income. In a democracy, decisions on the distribution of income should be discussed by all the groups affected; that is, by the electors through their representatives.

What to Do with Tariffs?

The economic administration that is beginning its work now does not have the political consensus necessary to make a decision on an issue as important as the future distribution of income among Argentines. That task corresponds to the future Congress of the Nation, where we hope all interest groups to be affected by the tariff structure to be decided (read: voted) will be democratically represented. There are, however, nearly 2 years ahead of us, and the question that arises is: What to do with our tariff policy in the meantime?

Any innovation in tariff policy (or foreign trade quotas or differential exchange rates) would mean granting privileges of doubtful legitimacy to one social group at the expense of others. Maintaining the Martinez de Hoz-Sigaut tariff structure, or the direct prohibition on imports imposed by Alemann, would also imply legitimizing for 2 more years a distribution of income that may not be confirmed later by the Argentine people, once they are granted the right to make a decision on their own finances.

## Equalize Privileges Until Congress Decides

Given that the current administration does not have enough political backing to enable it to decide on the distribution of income among Argentines, I propose that the government limit itself to the most neutral action possible on this matter. In the absence of a democratic forum where the problem can be resolved, I feel that a tariff policy which /grants all Argentines the same privileges/ [passage enclosed in slantlines printed in boldface] is the fairest and most appropriate procedure.

The present interim administration should immediately equalize the privileges granted through tariff protection to all sectors. In this way, the future Congress of the Nation will be able to decide, on the basis of equal protection, who will receive more and who less.

I think that this is the least we can expect of this interim economic administration: the elimination of the differential privileges that were acquired by means of a non-democratic decisionmaking procedure, so that the future representatives of the people may express their opinion, beginning at square one, on the Argentina we want to have.

The measure I am proposing is essentially democratic and consistent with the objectives of the Military Junta for the current temporary administration. It calls for the immediate repeal of current tariff legislation (and all quotas and import prohibitions as well as exchange control measures, all of which generate different import or export dollars, depending on the sector), and the establishment of a /single/ import or export dollar for all sectors. This requires a single, free exchange rate and a single import tariff, along with a single export reimbursement rate.

The rate of that tariff (and reimbursement) should be selected by the authorities in such a manner that, along with the exchange rate, it will allow for the establishment of a real exchange rate that will at least maintain the real level of the country's foreign debt.

Uniform tariff protection is the best legacy the interim administration could leave the future democratic leadership. This would enable the latter to proceed on the basis of genuinely national interests, without the need for sterile debates on the legitimacy of supposedly acquired rights. The new tariff law, emerging without prior conditions and through the organized debate of the people's congressional representatives, will earn the necessary credibility to undertake a rational reassignment of resources. This credibility did not characterize the earlier decrees, and consequently they simply reflected the partial view of the minister or secretary who was in office at the time.

8926  
CSO: 3010/1837

## FORMER ECONOMY OFFICIAL ON POSSIBLE SOLUTIONS TO CRISIS

Buenos Aires LA NACION in Spanish 3 Jul 82 p 10

[Interview with Dr Luis Garcia Martinez, former chief of Dr Jose Alfredo Martinez de Hoz' cabinet of advisers; date, time and place not given]

[Text] [Question] The Argentine foreign debt totaled \$7.875 billion in 1975, and reached \$35.671 billion 6 years later. Argentine production, however, stagnated during that period. What do you think has happened to the nearly \$27 billion that was invested during that period and apparently did not manage to increase the country's productive capacity? A very poor allocation of resources in both the public and private sectors?

[Answer] To make the data comparable, it must be pointed out that in 1975 the Argentine foreign debt was about \$15 billion in 1981 dollars. In the last 6 years the debt has grown in terms of dollars of constant buying power, 1.4 times, while during the same period exports, measured the same way, expanded by a factor of 0.8. That growth was partly due to the loans obtained by the public and private sectors. In the first case, the indebtedness mainly reflected the financial gap of the state-run enterprises, which were committed on the one hand to a moderate rate policy that would be fairly compatible with the stabilization program put into effect as of 12-20-78, and on the other hand confronted by the need to make outlays to carry out their production and investment plans at prices higher than those rates.

As for the private sector, its larger foreign debt served to replace its internal debt, due to the high real rate of interest on our financial market. Naturally, this replacement helped prevent an even greater surge in this rate.

In sum, part of the increase in the Argentine foreign debt was to maintain a stabilization program whose continuity, for technical and political reasons, was quite problematic as early as 1980, and particularly by the second quarter of this year.

The above-mentioned increase can also be explained by the importation of equipment, principally in terms of public investment and the modernization of the military, and to a much lesser extent private investment.

### How to Solve Decapitalization of Businesses?

[Question] Various solutions have been outlined for the problem of heavy business debts. Which do you recommend?

[Answer] The most suitable long-term solution for this country, although not the most popular, is for businesses with problems to try to reach payment agreements with their financial creditors.

Widespread forgiveness of debts would be unfair to those businesses that have made an effort to meet their obligations, and to those financial entities that have tried to pursue a cautious credit policy. It would be very harmful to try to reduce business indebtedness through strongly negative interest rates in real terms, because that leads to the destruction of the monetary system.

The above does not preclude, however, the search for formulas that would aim to reduce the debt in pesos and take into consideration the situation of businesses with dollar debts, thereby serving general interests better.

### Beginning of Reactivation

[Question] It has been suggested that the serious slump in economic activity be alleviated with a reactivation induced by expanding the money supply either by raising wages or through negative interest rates. What do you propose?

[Answer] The improvement of the temporary structure of the foreign debt by easing exchange uncertainty is one factor that could stimulate economic activity by causing a drop in the real interest rate.

It should be recalled that it was this uncertainty that to a large degree led to the decline in real monetary resources that has been affecting the Argentine economy since approximately the last quarter of 1980, and has persisted almost without letup until the present.

That stimulating factor should be complemented with a recomposition of these resources through a programmed and adequate expansion of the money supply. To make the growth of domestic economic activity (the result of what we have discussed in this point) compatible with the need to maintain a high flow of exports, agrochemical subsidies (for fertilizers, sanitation products, etc.) granted to the agriculture sector take on special strategic importance, in that they would boost the food supply in a relatively short period.

### How to Increase Exports?

[Question] Another solution is based on a strong surge in exports. Do you believe it is necessary to devalue the currency in order to sell Argentine products abroad?

[Answer] Through an exchange rate that would stimulate agriculture, complemented by reimbursements and other supports in the case of industrial exports.

Which Exchange System?

[Question] Now that the Malvinas conflict is over, do you feel that exchange and imports controls should be eliminated? Do you favor flotation, or a fixed exchange rate with mini-devaluations? Do you favor a double exchange market?

[Answer] The exchange rate should be set by the Central Bank and should be adjusted periodically in accordance with nominal wages. This adjustment should also take into account the international inflation picture, and the fluctuations of prices for the principal export products.

Wage Policy

[Question] If you supported a raise in wages to stimulate the reactivation, would you recommend the establishment of price controls to prevent the raise from being diluted?

[Answer] The wage policy should be managed by the government alone within its sphere (including public enterprises), while there should be no wage controls in the private sector.

Raise or Cut Taxes?

[Question] Now that the war is over, would you nullify the emergency tax increases? What fiscal measures would you recommend?

[Answer] The tax burden that weighs on certain basic commodities should be eased, while the tax on luxury consumption should be raised. Taxes on capital and income should be reformed, aiming at a better harmonization of the growth and income distribution objectives pursued by fiscal policy. As for public spending, the policy of modernizing its structures, eliminating certain functions and turning more activities over to the private sector, should be continued.

High Spread

[Question] The statistics indicate that, more than passive interest rates, the high cost of money is the consequence of the high spread of financial intermediaries. What measures would you take to close the gap?

[Answer] The high spread, aside from reflecting outdated internal operational procedures in financial institutions, procedures which have improved considerably since 1977, is basically a manifestation of the risk involved in intermediary activities during periods of high inflation. In addition, the public has a tendency, under these circumstances, to put its funds in

very short-term instruments, and this makes it even more costly to attract deposits. Reduced inflation and less economic uncertainty in general will contribute decisively to eliminating this spread.

8926

CSO: 3010/1896

## UIA PRESIDENT OPPOSES MULTIPARTY ECONOMIC PROPOSAL

Buenos Aires LA PRENSA in Spanish 29 Jun 82 p 6

[Text] Conflicts were evident yesterday at the meeting of Argentine Industrial Union (UIA) delegates, concerning the economic program originally endorsed by the entity as a means to reverse the recession that is plaguing the entire national productive apparatus.

The original document (prepared by a group of advisers to the entity, headed by Eduardo Goyeneche, and at first approved by the economics minister-designate, Dr Jose Maria Dagnino Pastore) was rejected "out of hand" by a group of industrialists. They proposed, on the contrary, to back the economic program presented by the Multiparty group.

Since no formal agreement could be reached--the original document was adhered to on several points--the leaders of the Argentine Industrial Union resolved to table the matter until 1700 hours today. The participants suggested that a basic plan be drawn up to conform to the motions presented and debated at yesterday's meeting.

Statements by UIA President

At the end of the meeting, UIA President Jacques Hirsch expressed his strong opposition to the application of the economic program presented by the so-called Multiparty group. Among other things, he said that "the proposed strategy is difficult to close, and therefore if we accept it we run the risk of letting inflation get out of control."

In that regard, Hirsch indicated that although it is "urgent that the national productive apparatus be reactivated, inflation should not be allowed to get out of control."

As for the points discussed (on which no final agreement was reached), the UIA president declined comment. He limited his remarks to a mere enumeration, since he pointed out that these were topics related to foreign trade, to the urgent need for an exchange rate strategy, and other measures related to the production and marketing of national goods.

Hirsch also stressed the need to reach an agreement in the UIA so that it could formulate a coherent position on guidelines for the economic and financial policy that the new authorities should develop in the near future.

Finally, the UIA president expressed his confidence that businessmen will arrive at a general consensus to devise the strategy the entire country is demanding in this regard.

8926

CSO: 3010/1896

## COLUMNIST EXPLAINS SILENCE, INACTION OF LABOR

Buenos Aires CLARIN in Spanish 21 Jun 82 p 15

[Article by Oscar Raul Cardosa: "Silence and Confusion"]

[Text] As happens invariably in each of society's sectors, the fall of Puerto Argentino confronted the worker movement with the imminence of a change whose form and dimension it cannot understand but which it knows is inevitable.

This confusion can be considered the main reason for the silence which the leadership has been maintained regarding the serious institutional crisis. Of course to this we must add--as in any other case--the bitterness and frustration that is a part of the tremendous leveling effect of the defeat.

There is however one additional explanation: Among all of the segments which constitute what we so euphemistically call "the active forces," labor undoubtedly is one of the least prepared--in its heart and in its convictions--for the epilogue which marked the end of the idea to recover the Malvinas Islands. Here we must agree we cannot differentiate between the men of the Brazilian CGT [Union Headquarters] and the Azopardo CGT [General Labor Confederation].

At some moment during the week starting today however reality will again determine the action of the leaders who must look forward to the end of 74 days of virtual social truce--obviously including economic and political aspects--and who must get ready for the very difficult days which are yet to come in Argentina.

Some observers maintain that everything that happened during these dramatic days in the worker organization will in the end turn out to be as provisional as the period of time itself and that in the end it will be necessary to revise it and to adapt it to the new circumstances.

Along this line of reasoning, the sector most affected undoubtedly is the CGT-Azopardo which was established as the result of a convention and official incentives and which consequently may be affected by the crisis in which the military government finds itself.

Obviously--if we realize that the CGT-Brazil sector has an objectively diminished rallying capacity--the new circumstances should renew the impetus toward the

search of unity. Some of this is now incubating but the differences which still exist between the most intransigent groups of both organizations delay any achievement in that direction.

As happened throughout the last 6 years, the decisions adopted by the military government leaders will decisively influence the situation, that is to say, on the ways in which that administration shapes up while trying to resolve the institutional crisis will depend the evolution of the political lines within the worker movement.

As of now and beyond some nuances, the two basic concepts are as follows: The concept which proposes economic and political coordination (CGT-Azopardo) and the one which in plain and simple language demands the conclusion of the institutional experience imposed upon the country in March 1976.

There are also some highly specific promises that were made by official spokesmen throughout the 74 days of the Malvinas crisis in talking to their labor union conversation partners which cannot be disregarded now under the pretext of a change in the military administration.

Moreover, the reality of a postwar economy which undoubtedly will demand new sacrifices, will not leave any new leeway for the imagination of authoritarianism.

As labor union sources themselves admitted, it so happens that the labor leadership visualized conditions entirely different from the present ones when the moment came to demand the fulfillment of those pledges, some of which were public, while others were made in confidential talks.

The new situation--that is to say, the crisis that threatens the country with collapse--makes it necessary to replace the tactics conceived for a situation of political-military success in the Malvinas operation.

Besides, as in the case of the political sector, as in the case of business and industry, etc., the labor sector needs valid conversation partners within the power structure, something which, at least nowadays, that structure cannot offer them.

The alternative which the leaders view with greater apprehension is the alternative of a further in-depth development of the institutional-military crisis which would virtually doom society as a whole to lacking the capacity for coming up with a response to the specific problems which, sooner than we think, we begin to manifest themselves.

On that score, the labor movement proves that it does not differ either in terms of its expectations from the rest of society. The essential hope is that it will display some common sense above all else.

5058  
CSO: 3010/1786

## CAMILION FAVORS REVIEW OF FOREIGN POLICY, FOREIGN DEBT

Buenos Aires LA NUEVA PROVINCIA in Spanish 26 Jun 82 p 2

[Article by Oscar Camilion: "The Weight of the Foreign Debt"]

[Text] The Malvinas Islands problem did not end with the Puerto Argentino battle. The Argentine people know this, the U. S. Government knows it and so do the English people. Nor is Mrs Thatcher unaware of it, and it is even reflected in the behavior of our foreign ministry in these days of transition while the new authorities are taking over. It is necessary to proceed to establish the foundations of a long-term policy for the new stage begun in the South Atlantic sector following these tragic days of June. Their culmination in the eviction by the British of the Argentine scientific base on the island of Thule in the South Sandwich Islands brings to the fore the tremendous setback our position has suffered, as well as the truly defenseless diplomatic position in which the country finds itself for so long as the current state of affairs continues.

What is being planned for the future demands in the short term an immediate decision, involving the formal and official conclusion of the hostilities, which in fact have ended. It makes no sense to keep open a threat which cannot be carried out and which as a result lacks credibility. This attitude has only undesirable aspects. It is lacking, on the other hand, in the advantages resulting from the removal of any pretexts for the enemy, who is taking advantage of the present situation to postpone a domestic rendering of accounts, which will have to be undertaken, and to further mature some plan concerning the future of the islands. It is obvious that Mrs Thatcher was in a more comfortable position for her visit to the United States than would have been the case with the hostilities formally ended. Meanwhile, all that is being said is that nothing can be done until the prospect of the immediate renewal of hostilities has been eliminated, which is a formal, but a convenient and effective, argument.

Once this step has been taken, our country must undertake a serious and critical analysis of everything which happened regarding the Malvinas Islands in the days prior to 2 April and in the 12 weeks following that date. It is necessary at least to derive the lessons which can be learned, and they are many, from the difficulties experienced. Within this framework of analysis,

it would be well for those who have some responsibility in Argentina to adopt positions as well on our frontier dispute with Chile, which, with regard to the Beagle Channel issue, will enter into a decisive and unpostponable stage before the year ends (at least where the need to find a formula replacing the 1972 treaty, which has already been rejected, is concerned).

These analyses will be profitable to the extent that the highly relevant but in the final analysis partial aspects of the issues examined can be integrated in an overall view of the Argentine problem and the world situation of which the country is a part. Today we would like to make certain comments about some aspects of this problem and that role in the world.

#### Our Foreign Debt

The most important change which has come about in the foreign position of the country in recent decades occurred during the cycle which began in July of 1978, when the economic leadership of that era adopted the first official monetary table at the end of that year. The essence of this decision involved the establishment of an automatic and permanent devaluation mechanism utilizing a rate considerably below that of the increase in domestic prices. The rate of exchange was preestablished for long periods planned and well understood in advance. The state formally rejected the possibility of freely devaluating the monetary unit.

In the foreign sector, this system complemented the financial reform which, on the pretext of providing all kinds of incentives for domestic saving, had created the system of integral guarantees of deposits and thereby allowed the proliferation of establishments designed to find resources and channel them to those needing them. The full freedom in the entry and exit of foreign exchange made it possible to bring short- or medium-term funds into the country which could be reexported at preestablished rates, with whatever had been accumulated additionally by way of interest in the interim. Businesses and private persons plunged wildly into bringing financial resources in from abroad, apparently on the theory that they cost less, because of the high interest rates prevailing on the domestic market. The economic leadership at that time boasted that it had been possible to persuade businesses to contribute cash for turnover capital and that the custom of using banking system credit for this purpose, which was later repaid with currency depreciated by inflation, had been abandoned. In fact, what happened was that the Argentine business system, both public and private, ceased to ask for peso loans for current expenditures, using dollars instead.

This situation intensified dramatically as the overvaluation of the peso increased, and as a result, the dollar became "cheaper." A similar phenomenon of collective folly was given doctrinal endorsement with the so-called "monetary approach to the balance of payments" introduced into the country by the team headed by Adolfo Diz. Diz wanted from the beginning to adopt a policy of heavy overvaluation of the peso, which he achieved in part in April of 1976, losing out at the end of the year, and obtaining total success again when the monetary table was adopted.

The "monetary approach to the balance of payments" had already been drafted in 1976, for the simple reason that the conditions making it possible existed internationally. These conditions developed after the increase in oil prices in 1973 led to the accumulation of tremendous financial assets which, because they were held by countries which were not in a position to recycle them domestically, served to increase the liquid assets in the international financial system to a spectacular extent. It is obvious that financial business involves lending money with the certainty of its return. The tremendous sums available far exceeded the potential of the private sector to absorb them. As a result, nations came to be the potential clients sought by this world system provided with unprecedented levels of liquid assets.

Thus it developed that having the peso overvalued (on the pretext that it was possible to wage the final offensive against inflation by means of the exchange rate) came to be the passport to recognition and medals of merit in certain international financial sectors, which was a fantastic novelty. Just a very few years ago the first dictum of orthodox economics was, naturally, the maintenance of "realistic exchange rates." It was always clear that a subsidized exchange rate led inevitably to the transfer of domestic resources abroad, and inevitably to insolvency. Now, on the other hand, the opposite premise was shared: the monetary approach to the balance of payments seemed to guarantee the countries which adopted it an indefinite influx of foreign resources: indebtedness did not seem to be regarded as a pertinent, much less threatening, fact.

#### The New Dependence

Thus it was possible for Argentina to leap in a dazzlingly short period of time from a position of gross indebtedness of something less than 10 billion dollars to 30 billion by the end of 1980, and the presumed 37 billion of the present. Those who promoted this policy succeeded in creating a form of dependence for the country without precedent, requiring the citizens of Argentina to produce at least what is needed to cover the interest on such a monstrous volume every year, thus guaranteeing that Argentina must put in an additional quota of work annually in order to pay the debt service on the capital it accepted out of a lack of awareness, necessity, and a lack of collective responsibility. Very few are exempt from this responsibility in that they denounced this incredible situation in time.

Worse still, dependence has spread to the whole of the economic field, since overvaluation has had various perverse secondary effects. The main one, in particular, involved the encouragement of imports, subsidized by the rate of exchange, despite the fact that in addition, customs duties were reduced on the pretext of the need to "open up the economy and integrate it internationally." The generalized slaughter this euthanasia caused has aggravated the situation, because there are whole branches of industry which have died, such that the products they manufactured must of necessity be imported. In addition, by creating such unfavorable conditions for local production, a substantial reduction in investments in equipment goods (despite the apparent incentives for imports created by the exchange rate) was made inevitable, which

explains the notorious obsolescence of a large part of the productive apparatus in Argentina.

Those who planned this policy, entirely consistent with a special and non-recent situation on the international market, achieved their goal fully. Certain international financial centers, traditional advocates of austerity, endorsed the squandering of the most limited of resources: foreign exchange. In turn, the Argentine economic leadership, with notably widespread support until it was much too late, imposed a rule unprecedented in the now lengthy history of the capitalist system: "less risk, greater profit," perfected to the point that the profits were even greater where the risk was equivalent to zero.

The result of this policy, a real nightmare, has been the establishment of a previously unknown relationship of dependence. Earlier, Argentina depended on the system of international trade relations because of the deterioration in its rate of exchange. It had to deliver an ever greater volume of products to purchase the same quantity. It had to work harder in order to buy the same foreign things. Now it is necessary to work to pay for what is owed, paying for the same moreover at percentages which the country cannot control, since the increase in interest rates, or at least their maintenance at current levels (an average of 16.5 percent) is established abroad. To which must be added the fact that, as the debt grows ever larger, the rate of additional increase rises in a kind of punishment which is like adding insult to injury, all of it expressed in quantified rules of impeccable accuracy.

For the first time in its history, Argentina entered in 1980 into the era of structural imbalance in its balance of payments current account. To the interest category must be added what has to be paid for royalties, profits, transportation, fares, insurance and other services. The only resources to be retained, in a position of underdevelopment, are theoretically those which may result from the trade balance surplus, as will occur, for example, in 1982, but this in turn is a product of economic shrinkage, which drastically reduces imports of capital goods and industrial supplies, which the country does not produce precisely because of its underdeveloped situation. Naturally, the positive trade balance accounts receive approval in the foreign financing centers. If a deficit trade balance is added to the service balance, the current account imbalance would become intolerable. The conclusion is expressed in the terms of the following alternative: either we choose to maintain the trade balance within the current context, which means making recession a structural characteristic of our economy, or we attempt to eliminate recession, in which case we sink into foreign insolvency. If matters were thus we would have created nothing less than a diabolically efficient mechanism for making development impossible.

#### Is There a Solution?

In logical terms, this situation is untenable. Just as domestically, a financial system which is nurtured by the structural insolvency of the debtors is unthinkable, neither can we contemplate allowing what is happening on the

international level to continue indefinitely. In cases such as that of Argentina today (a clear example of the same thing is seen in Chile, and, mutatis mutandis, in Mexico, Brazil and Venezuela) allowing stagnation, or more accurately recession, converted into depression, to continue only means postponing bankruptcy. A situation such as the Polish debt, a key subject in current world diplomacy, brings to the fore how these situations are intimately linked with international peace and security.

It is obvious that those who want to simplify this problem by putting forth childish suggestions such as a unilateral moratorium on the Argentine debt are unaware of some very simple things. It is obvious that no Argentine vessel or aircraft could in the future travel about the world flying Argentine colors without being subject to an embargo, and that it would be necessary to pay in cash for everything imported in the future, to mention only some of the more obvious consequences. But on the other hand, it is clear that an analysis of the situation being experienced and the need to find a solution suggests one of the basic lines of action which the future offers Argentine diplomacy.

The Malvinas Islands issue is closely linked with this context, above all for the simple reason that the Republic of Argentina cannot ignore, in anything it does, the main aspect of its dependence. But on the other hand, the Malvinas Islands war itself has been utilized as a pretext in the major financial centers to increase the risk rates paid not only by Argentina, but by certain neighboring countries as well. In addition, one need not have much worldly knowledge to be aware that London is the seat of a great many, if not the majority, of the decisions adopted not only on the interest market, but with regard to freight, insurance and raw materials in general.

Primary consequences can be derived from all of these premises. Some people derive therefrom entirely childish lines of action, turning their backs on the real balance of forces existing in the world. It is possible, on the other hand, to draw conclusions which will direct the country toward the consolidation of its image, the establishment of real conditions for independence and the veritable achievement of its goals. All of this must begin with a full knowledge of the global theater in which it functions, and, to repeat it yet once again, the balance of forces.

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CSO: 3010/1897

## FALKLANDS WAR DEFEAT ANALYZED

Buenos Aires LA NUEVA PROVINCIA in Spanish 26 Jun 82 p 2

[Editorial: "The Responsibility for 2 April"]

[Text] This entire regrettable spectacle through which we are living, following a tragic defeat, merits analysis down to the smallest detail because rarely has the republic been on the brink of dissolution as it is today. It is not a matter of hyperbole in statements or the sin of excessive use of adjectives, but it is necessary to acknowledge that the dimensions of the Argentine crisis have no precedent--at least in this century--and that its future consequences threaten to throw the country off balance.

Naturally, none of what we are witnessing as mere spectators developed without a cause to explain it. It would be a lengthy task to explain the history, with a wealth of details, of this national reorganization process which has been plagued with deadly contradictions since its inception. It suffices to say that already, on 2 April, the military government was unspectacularly expiring of a natural death. On that day, however, to the accompaniment of the clamor of a country rallying behind its armed forces, an incredible step was taken, one of which no one believed Argentina capable. But on that day also, because of a series of facts which must be described, the seeds of catastrophe were sown.

The seizure of the Malvinas Islands was undertaken--we have now learned--in the belief that there would be no military reaction from England. General Galtieri has been honest enough to admit this, giving some satisfaction on the tremendous volume of questions we Argentines are posing concerning the defeat. The fact is that it is feasible to reconstruct the web of events which followed one upon another, beginning on 2 April, almost without error. It is obvious that if the possibility of a warlike escalation like that undertaken by the United Kingdom was not contemplated, more than one dark and cloudy detail can be clarified.

Against all the laws of strategy, the military government gave priority in its analysis of the situation to the hypothesis most favorable to Argentina--that England would go no farther than to send an expeditionary force to intimidate us, or at the most, to take South Georgia, and set aside the least favorable--that it would attack, with the assistance of the United States.

Along with the error in military assessment, there was a serious lack of diplomatic subtlety, which was beyond the personal capacity of the foreign minister. Not only did Argentina have representatives who stammered explanations in English in the United States, unable to defend the country worthily, but they thought--a truly incredible thing--that Washington would in the best of cases choose to support our national cause, and in the worst of cases abstain from supporting the United Kingdom. It was further believed that certain Third World countries, members of the nonaligned bloc, would vote for us in the Security Council, and as if this accumulation of errors were not enough, some diplomats and government leaders were surprised when Russia and China abstained when a vote was taken in that forum, refraining from exercising their veto right. It becomes clear that the Argentine failure to work to win support of us from any of the countries of the first rank, the lack of creative anticipation of foreseeable situations, and the complacency of presuming that it sufficed to be right to win applause and favorable votes paved the way in this field for a defeat as serious as that suffered in the military sector.

While we were being told that the Malvinas Islands had been made an impregnable fortress, and while the San Martin Palace confounded the rules of the international political game, the joint general staff plunged into an action which in the end did away with any possible success for our war propaganda. With a military command which believed war unthinkable, diplomats who could only repeat general statements about our sovereign rights, and an erroneous strategy of psychological action, Argentina began to slip toward the abyss.

Few succeeded in sensing this. We too were mistaken, and we acknowledge our responsibility. Not because we supported the undertaking, but because we took those directing operations at their word, without asking for details. We believed that it would be ridiculous to ask the armed forces for explanations with regard to strategy, because in this connection it was presumed that they were the military, and in a war secrecy is essential. Almost blindly, we placed our hopes in the thousands of men who set off for the archipelago, and we put our confidence in those few higher officials whose responsibility it was to conduct the battles.

What reason was there to suspect the efficiency of our defenses, to question the fact that the two greatest Western powers had been challenged, or to doubt the possibility of a landing? These were all military questions concerning which we could only venture opinions, but never certainties. While we differed editorially with certain actions of our diplomats and with the psychological campaign, which is basic in such cases, we could not challenge the military capacity. And what was the result? Regrettable indeed, since the war was lost before it was begun. In fact, in the light of the details which are now becoming known, the disorganization of our forces on the island was of the most serious sort.

It is clear that when all is said and done, those who adopted the decision on 2 April were responsible for the failure, however much their patriotism is beyond doubt and however good the intentions which motivated them may have

been. Only the stupid or the arrogant could fail to derive harsh lessons from this defeat. For the truth is that we were defeated after having inflicted losses which amazed the world on the enemy fleet. The air force and our naval aviation demonstrated two basic things: 1) that in recent years, they had been able to equip themselves suitably, that is to say, within the purchasing capacity of the country, they had equipment of the first water; and 2) their level of professionalism, expertise and courage is such that the French aviation ace Pierre Clostermann himself recently commented thereupon.

The naval fleet, on the other hand, had to remain impotent, protecting itself from the British fleet, above all its submarines. This decision, if one takes into account what nuclear submarines can do with detailed satellite data, could not have been otherwise, but in any case it raised a doubt of no small dimensions about the future fleet structure. Similarly, compulsory military service has revealed its inadequacy. All of the heroism of the draftees was unable to outweigh either the lack of training or the lack of adequate weapons, and to an even lesser extent, the lack of the professional expertise which is only acquired after long years of uninterrupted practice.

Our military production has also revealed its obsolescence, since even today it continues to supply our army with weaponry which is dubious from every point of view. Finally, someone must take responsibility for the logistic errors: how can it be that ammunition was in short supply in Darwin and Goose Green? Who planned and who was responsible for supplying rations so unsuitable that they froze, hot food which never reached the front firing lines, boots which were unusable, like part of the battle uniforms? Let no one tell us that the British equipment came from another world, for one can see in any big game catalog or in SOLDIERS OF FORTUNE, the magazine of the U.S. mercenaries, advertisements for a vast range of items like those with which the British forces were equipped.

It is easy to draft a communique in which in a few words we are told that we are losing because the enemy has "science fiction" weapons. It is more difficult to assume responsibility for the defeat nobly, to provide coherent explanations, to set complacency aside, and to tell a country which offered up its sons why they were sent to fight with obsolete rifles.

If anyone was under obligation to understand the risks which the 2 April undertaking involved in its purely military aspects, it was the armed forces. If it was known that our equipment was inadequate, why did we plunge into such a huge venture? If the prognosis concerning British strategy was in error, why was negotiation not undertaken when there was still time? If we did not know of the existence of weapons the vast majority of which are to be found in freely available catalogs, what are our military attaches in Europe and the United States doing? If, finally, the fate which awaited us was known, why did General Menendez give the address stating that we would fight to the last soldier and the invader would be ousted? If the final battles revealed the inevitable outcome the war would have, why did the highest levels state that the struggle would continue, when it was impossible from any point of view? The whole of the republic awaits exhaustive answers to such questions as these. Responsibility cannot be avoided.

Be that as it may, it seems that the defeat was not enough. In the following phase, the nation was forced to witness the pathetic spectacle of the struggle for power, as if nothing had happened there. All of us who feel responsible must immediately and most sincerely try to rise above this embarrassment which we had to watch. And not only in order to safeguard our prostrate and almost broken nation, but also and especially our armed forces, more necessary today than ever in order to guarantee the honesty and certainty of the institutional process to be carried out in 1984.

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CSO: 3010/1897

## ECONOMIST EXAMINES ROOTS OF ECONOMIC CRISIS

Buenos Aires LA NACION in Spanish 2 Jul 82 p 11

[Text] In his speech last Wednesday at the Conetec seminar, Dr Krieger Vasena discussed the origin of the economic crisis the country that now envelopes the country and that began in 1981. Because of its importance, we are quoting the speech here. As for the problem stemming from the high foreign debt, Dr Krieger Vasena commented to LA NACION that he thought a well-prepared foreign sector program backed up by a political plan that inspired confidence would allow for the renewal of Dr Alemann's policy of obtaining long-term loans in order to cancel short-term liabilities and thus improve the profile of the debt. "This would make it unnecessary to undertake a massive renegotiation, which would not make us popular with the banks," he added.

## Imbalance in 1980

In 1980 the foreign sector revealed a major imbalance. Exports halted their growth, while imports soared above \$10 billion.

The balance of trade yielded a deficit of \$2.519 billion with the increase in services (interest, tourism, etc.), and the current account deficit went up to US \$4.768 billion. Foreign reserves fell by US \$2.8 billion.

In 1979 the reserves had shown a strong growth, reaching more than US \$10 billion, the equivalent of 1.3 years of imports. This was due principally to a major influx of foreign capital, attracted by high interest rates and the implicit insurance of the "little schedule." That year an inflation rate of 60 percent was announced, while nominal interest rates for deposits were somewhat over 100 percent.

Without getting into other aspects of the difficulties or vicissitudes of the program announced in 1976, the influx of large amounts of short-term funds (which used to be called "hot money") prevented the adoption of the necessary structural adjustment measures in 1979. In 1980 the government was unable to contain public spending; wage increases (20 percent in real terms) and defense spending as a result of the conflict with Chile raised the Treasury deficit from a projected 1 percent to 4 percent of the GDP.

By 12/31/80 gross reserves totaled US \$7.683 billion, while the total foreign debt was US \$27.162 billion (US \$14.459 billion public and US \$12.703 billion private).

Thus, in barely a year, reserves fell by 36.40 percent (from \$10.480 to \$7.683 billion), while the total estimated debt soared by 42.70 percent (from \$19.035 to \$27.162 billion).

Trends in Foreign Debt  
(in billions of dollars)

Year	Public Debt	Private Debt	Total Debt	Reserve 604	Net Debt	Change 7.271	Inter. --	Export 14.5	
1975	4.021	3.053	7.875	604	7.271	--	14.5		
1976	6.647	3.090	9.738	1.812	7.926	9.0	12.6		
1977	8.127	3.634	11.761	4.039	7.722	-2.6	10.2		
1978	9.453	4.120	13.663	6.037	7.626	-1.2	10.6		
1979	9.960	9.074	19.035	10.480	8.551	12.1	11.8		
1980	14.459	12.703	27.162	7.683	19.478	127.8	19.6		
1981	20.024	15.647	35.671	3.877	31.794	63.2	35.7		

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CSO: 3010/1837

## UADE PUBLISHES FIGURES ON UNEMPLOYMENT

Buenos Aires LA NACION in Spanish 2 Jul 82 p 8

[Text] The Economic Institute of the Argentine Business University (UADE) released the results of a survey on the availability of manpower, hours worked and personnel employed in the industrial sector. The survey was conducted during the middle of last May. The institute detected a high degree of fluidity in the job market, as well as a greater reduction in the occupational structures of businesses compared to the forecasts made by those entities in the previous study.

UADE says that not only were the previous forecasts proven wrong, but there were even situations of deterioration below the levels of the earlier survey. Later, the analysis focuses on the availability of labor, asserting that in general, according to the assessments of those surveyed, the labor market evinced a high degree of manpower availability directed toward the industrial sector.

The increase in the overall unemployment rate was reportedly the result of recessive behavior in the industrial sector, which had a net loss of jobs; the gradual saturation of other sectors of economic activity, particularly services; and the saturation of the self-employment market, so self-employment does not appear to be an advantageous alternative at present.

#### Expectations

With regard to the number of people employed and the hours worked, the possibility of increased production was responded to first by adjusting the number of manhours worked. When that was insufficient, or if the production increase became temporarily greater, the response was to hire more people, depending on expectations and the individual situation of the business. In view of a continued decline in production, on the other hand, adjustments were made especially in terms of the number of people employed.

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CSO: 3010/1896

## SHORT-TERM STRATEGY OF FINANCIAL SECTOR DEFINED

Buenos Aires CLARIN in Spanish 4 Jul 82 p 12

[Article by Pablo Godoy: "The Moment of Decision for the Financial Sector"]

[Text] In recent months, a phantom has begun to worry the city of Buenos Aires. It is no longer the high level of delinquency nor the high real rates which are the cause of this situation and the main subject of debate among bankers, but instead the question is asked in terms of "what will happen to the market" following the costly and controversial process of change effected by means of Law 21526 of 1977 on financial bodies.

The figures speak for themselves. According to the last annual report of the Central Bank, the gross domestic product for financial establishments dropped 11 percent in 1981 as compared to the preceding year, while in 1980 it showed an increase of 29.5 percent. On the other hand, throughout the first quarter of this year, the decline in the gross domestic product for the sector including financial, insurance and real estate establishments was 12 percent, while in the first quarter of 1981 there was a 4.2 percent increase.

In other words, the questions being asked by financiers are not false ones. The Argentine financial system has begun a decline, after a period of increase and growth never before seen in the country, and the prospects for the future are not clear.

Another fact is that during the first 5 months of this year, a total of 23 financial establishments, including a number of financing companies which headed the list in terms of deposits, were liquidated, while throughout the whole of 1980, the number of liquidations came to a total of 20.

The fact is that these figures merely reflect the deepening of the financial crisis which began with the collapse of the Regional Exchange Bank (BIR) and which continued to develop in an economy in stagnation, in which the only capital movement between these bodies and productive enterprises resulted from the renewal of credit the latter had obtained because of their inability to repay it.

## Income

On the other hand, the income the financial sector was able to obtain during the period of prosperity did not encourage more substantial investment in the productive sector, but tended to promote the concentration of capital on the market and the expansion of financial business. One figure provided by the Central Bank on the market structure is more than eloquent in this connection. The total number of financial bodies active on the market dropped from 725 in May of 1977 to 424 on 17 June last.

This process, encouraged by monetary authorities interested in greater "efficiency" in the system, if indeed it initially occurred among the financial institutions themselves, with their merger and thus the concentration of a larger volume of capital, was also the product of the liquidation of a large number of them by the BCRA [Central Bank of the Argentine Republic] as a result of the irregularities found in their operations. And it was this process which resulted in high costs to the community. According to Central Bank sources, the liquidation thus far in the current year of 23 institutions has already cost more than 400 million dollars, paid out return guaranteed deposits.

In this connection, it would be logical to conclude that the goal sought by the economic authorities in reducing the guarantees on bank deposits had to do with the need to reduce this cost. This did not, however, achieve the hoped for success, because of the resistance encountered within the financial system itself.

Finally, another figure which consolidates the hypothesis to the effect that the financial sector has embarked upon a declining curve, from the point of view of accumulations and participation in the economy, is the fact that beginning in 1981, this sector registered a net decline in manpower, while during the preceding 3 years, the personnel employed showed a rising curve. According to the recent report of the BCRA for 1981, the level of persons employed dropped by five points to 108.3, while this level was at 113.3 in 1980.

Thus it is entirely reasonable that the bankers should be fearful about the future of the system. The fact is that to date, all of the variable factors indicate a decline. Domingo Cavallo, the present head of the Central Bank, has the floor.

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CSO: 3010/1897

## AFNE HOPES TO BECOME EXPORTER OF MEKO-TYPE CORVETTES

Buenos Aires A FONDO in Spanish Jun 82 p 54

[Text] "A series of six missile corvettes of the Meko-type is currently under construction at Rio Santiago; the first of these was launched on 23 January 1982. It is the corvette 'Espora' and it is the only unit of its type in the world by virtue of its characteristics." The director of AFNE (State Shipyards and Naval Factories) without any unnecessary adjectives thus with an eloquent example summarized a statistical fact which is not too well known: Argentina's ship building industry is Latin America's second largest in terms of volume.

The conversation of course, without trying, turned to the military field. The need for a modern navy is nothing new in Argentina. The important thing is that we are currently able in technical, material and human terms to build some of the most sophisticated vessels suitable for naval warfare. In this sense, the November 1980 launching of the missile destroyer "Santissima Trinidad" and its delivery to the Argentine Navy marks a milestone as of which AFNE has every right to feel equal to the world's big naval shipyards, of course not forgetting its logical aptitude and development regarding the merchant marine. With its 3,500 t displacement, this vessel is powered by gas turbines and has the most modern weapons system and operations center.

#### Six Corvettes and a Supplement

At this time AFNE is fully involved in the development of a plan which comprises the construction of six Meko-type missile corvettes (the first one has already been launched, as we pointed out earlier)--undoubtedly the most ambitious undertaking in its history. This is also an experience which enables it to convert the country into an exporter of these advanced products of military industrial technology. As the enterprise itself points out, "by virtue of its multi purpose versatility and its optimum cost-effective ratio, we are sure, in our capacity as the builders, that it will be wanted by many navies." Another factor to point out, finally, is the growing degree of participation of private industry in the equipment of the units, "which will be increased progressively since the basic idea is increasingly to replace materials and equipment so long as the final product is changed only to a minimum degree." The response from private industry to this real challenge was optimum, as we were informed.

#### Main Data of Meko-Type Corvettes

Displacement, fully loaded: 1,700 t; maximum length: 91.20 m; length at water line: 86.40 m; beam at water line: 11 m; draft, maximum load: 3.13 m; speed: 27 kn; power plant: two diesel engines.

#### Armament

Two twin MG40/70 mounts, Breda; one Oto Melara cannon, 76/62; MM [sea-to-sea] missile system; 38 Exocet; two triple torpedo launch tubes; Dagaie system for launching decoys; two helicopters.

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CSO: 3010/1786

## GRAIN EXPORTERS ISSUE MEMORANDUM ON 1982 ACTIVITY

Buenos Aires LA NACION in Spanish 28 Jun 82 p 4

[Text] The Grain Exporters Center has released its annual report for 1982, and has named its board of directors for the 1982-83 term. The organization will be led by Pedro E. Garcia Oliver during that period.

In its general part, the report indicates that absolute records for production and exportation were set in 1981: production exceeded 36 million tons and exports, including those of oils and byproducts, totaled about 23 million. The entity notes that the period in question was complicated not only by the intense pace of activities, but by the successive changes in government and the various measures taken by government authorities since 28 March 1981. In this regard, it asserts that the different packages of measures adopted, while beneficial to our country's export sector in general, often did not benefit the marketing of grains, oleaginous seeds and derivatives and byproducts on foreign markets, given the peculiarities of the law that governs that area.

The organization was thus forced, says the document, to seek adjustments under the prevailing legal system to make those measures viable. In the majority of cases, it emphasizes, problems were listened to with understanding and were resolved.

## Private Elevators

After discussing the numerous efforts made with various organizations, the document mentions the importance of private elevators. It notes that just 1 year after Law 22,108 was passed in 1979, authorizing the construction and operation of port facilities for the shipment of grains and related products by private export firms, four of these plants were established. This increased the storage capacity of these facilities by about 30 percent.

It should be pointed out, says the document, that these facilities had a high total yield. In 1981 they had a turnover of about 20, with 17 for grains and 2.5 for byproducts. With a storage capacity of 130,000 tons, 2,543,000 tons of exports passed through them.

The document goes on to list the activities carried out at the National Grain Board concerning rates and classification systems in order to streamline shipments, pricing and elevators. Finally, it discusses the prospects for marketing in the coming year.

#### Board of Directors

The Board of Directors, as mentioned above, will be chaired by Pedro E. Garcia Oliver; during the 1982-83 term it will consist of Guillermo A. Carracedo as vice-chairman; Eduardo M. E. Blum, secretary; Carlos A. Oris de Roa, secretary pro tem; Raul S. Loeb, treasurer; Edgardo J. Goldaracena, treasurer pro tem; and members Horacio E. Fernandez Harper, Lucio Mander and Juan S. Wolf.

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CSO: 3010/1896

## PASTORE'S BACKGROUND, LINE OF THOUGHT REVIEWED

Buenos Aires LA NACION in Spanish 29 Jun 82 p 12

[Text] The new minister of economics, Dr Jose Maria Dagnino Pastore, was educated during a time when the ideas of John Maynard Keynes were at their apogee, principally at the University of Harvard, where he earned his doctorate with a thesis titled "Income, Currency and Financial Analysis." His "tutor" was the world-famous John Kenneth Galbraith. It was 1960, and at that time the magic 5-year or 3-year economic plans that could predict and solve everything, were flourishing.

We are reminded of that active secretary of the National Development Council (CONADE) under the administration of Gen Onganía, Col Jorge A. González. He explained to a group of North American businessmen his extremely detailed goals that went almost as far as the year 2000.

When asked how he could estimate the repercussions of events in the USSR such as harvest failures, the secretary responded to his incredulous audience with typical military aplomb: "All that has been duly taken into account."

## Meticulous Plan

Although less ambitious, Dr Dagnino Pastore did not ignore the prestige of those detailed plans, which were also gaining respect in France and at international organizations such as the Inter-American Committee of the Alliance for Progress (CIAP). A meticulously thought-out plan was not a mere intellectual exercise, because it enabled a country to obtain abundant and cheap credit from the World Bank and the Inter-American Development Bank (IADB). It was the difference between the PLAN in capital letters, and our more modern, more humble and less efficient "packages." The presentation of the Plan to the CIAP in Washington, D.C. was at that time a ceremony that was certainly not just a formality.

Proof of the new minister's adherence to these rites lies in the fact that he was also secretary of CONADE, after having been the minister of economics of Buenos Aires. During the 12 months that he directed the national economy, he also established explicit goals for the growth of the GDP and other acronyms that so enthrall economists.

But time passes; the new minister adapted. In Dagnino Pastore's recent speeches one no longer notes, at least with such emphasis, that adherence to rigid goals, goals which used to be based on a world economy that was constantly progressing, with rigid exchange rates and no threats from oil crises or similar events that defy any attempt to make rational predictions. His thought is also more influenced by the impact of market forces, particularly in the financial aspects, where huge amounts of Eurodollars and petrodollars dwarf the actions and influence of banks such as the World Bank, the IADB and even the IMF.

#### Greater Efficiency

Dagnino Pastore's concern for improving the efficiency of the Argentine economy has become evident in recent years, since he returned to the country in 1978 after 2 years as a financial representative in Europe. To achieve this objective, he came out in favor of "the easing of restrictions on increased productivity, an improved management of resources that could be obtained from /transfers from the public sector to the private sector/ [passage enclosed in slantlines printed in italics] . . . , larger productive structures, better use of productive capacity."

#### Liberalization of Economy and Exchange Rate

"This leads directly to the issue of the liberalization of the economy," the new minister stated on the same occasion (November 1979), "which is probably the most suitable instrument for the mobilization of the reserves of inefficiency." Dr Dagnino Pastore understood "reserves of inefficiency" to mean partially idle production capacities.

But he warned at that time that the liberalization could be limited by the semi-recession in the world economy--which still exists today--and the exchange rate. As for the latter, he was already calling attention to the negative impact the lagging exchange rate was beginning to have, resulting in the excessively slow rate of devaluation of the "little schedule." Dagnino Pastore said: "Opening up the economy externally requires an exchange rate that undervalues the peso, or at least keeps it in equilibrium."

#### High Indebtedness Without Counterpart

In August 1981 Dagnino Pastore cautioned that the foreign debt--at that time estimated at \$30 billion--"had no growth of assets as a counterpart, so the capacity to generate foreign reserves was not increased either."

Concerning the interest rate problem ("a real rate of 45.9 percent during the last 9 months of the Videla government cannot be criticized by the business sector"), he advanced the idea at that time that to lower interest rates it would be necessary for the exchange rate to rise less than domestic inflation. For that to be feasible, however, it is well-known that an initial devaluation greater than what is strictly necessary would be

required. Will the new minister aim for that? In the long run the exaggerated spread that prevails in Argentina will also have to be resolved, asserted Dr Dagnino Pastore.

The future minister of economics, Dr Jose Maria Dagnino Pastore, held the same office during the 12 months following the resignation, in June 1969, of Dr Adalbert Krieger Vasena, during the presidency of Lt Gen Juan Carlos Onganía. Previously he had served as minister of economics in the province of Buenos Aires under Gen Imaz, and as secretary of the National Development Council.

#### Province of Buenos Aires

In the province of Buenos Aires Dr Dagnino Pastore demonstrated his interest in the promotion of industrial activities and productive activities in general. He planned and executed a promotion program, and also studied the development possibilities of specific cases such as the Paraná Delta and the Río Colorado region.

Perhaps it was in the province of Buenos Aires where Dr Dagnino Pastore demonstrated the qualities that would later enable him to hold the same office on a national scale. But at that time his distinctive features were already evident: confidence in planning and a desire for stability.

#### Stability

"Stability," said Dr Dagnino Pastore shortly after taking office in 1969, "promotes development." He went on to say that development "is a means, not an end, because the desired objective is social progress."

It should be recalled that the subject of stability was on the agenda at the time when the exchange rate had been at 3.50 pesos since March 1977. There were already those who felt a devaluation was necessary because the exchange rate was lagging behind. Dagnino Pastore's successor at the ministry, Dr Carlos Moyano Llerena, enacted a devaluation of 14 percent, bringing the exchange rate to 4 pesos.

During his term in office as national minister, various basic industrial activities were promoted, such as iron and copper mining, aluminum production, petrochemicals and newsprint production.

In presenting his economic plan, he set forth some objectives: the reduction of regional disparities; the encouragement of technological advances by providing tax exemptions for expenses for research salaries; tax benefits for businesses that reorganize to increase productivity; and the automatic importation of capital goods not produced in the country.

During his ministry, he also worked on the creation of an institute to promote exports. The man who will now serve as his secretary of commerce, Dr Alberto Fraguio, collaborated with him on that study.

## Accomplishments

In presenting the results of the first quarter of his economic plan for 1970, Dr Dagnino Pastore was able to announce that the Gross Domestic Product (GDP) had grown by 5.9 percent over the same period of 1969; the Gross Industrial Product had grown by 8.4 percent; investment by 8.5 percent; consumption by 5.1 percent; construction by 10.6 percent and the services sector by 4 percent. He was also able to report that during that quarter there was a positive balance in the balance of trade, and that foreign reserves had grown by \$750 million between January and April of 1970. During that entire first quarter, wholesale prices rose by only 1.7 percent.

## "Law Pesos"

During his administration, on 1 January 1970, the "law peso 18,188" was put into circulation. It was conceived during the administration of Dr Adalbert Krieger Vasena as the culmination of the stabilization process. Law 18,188 was issued by President Onganía in March 1969, when Dr Pedro Real was president of the Central Bank. The first "law pesos" were put into circulation while Dr Egidio Ianella was president of that institution.

8926

CSO: 3010/1837

## DIVISIONS WITHIN ECONOMIC TEAM SURFACE

Buenos Aires LA NACION in Spanish 2 Jul 82 p 11

[Text] "Between Dr Cavallo and myself there is full agreement on the economic policy that should be pursued," stated Dr Dagnino Pastore to LA NACION yesterday in a brief telephone conversation. The new minister added: "I have known Dr Cavallo for years, and I have worked closely in the development of his professional career here and in the United States."

These statements belie other ruminations heard in academic economic circles. Indeed, one economist told us: "The military wants Cavallo's program, but it understands that he does not have enough international prestige to negotiate the problem of the foreign debt. That is why they have sought out Dagnino Pastore: to be a kind of foreign debt minister."

## Alleged Differences

When that economist was asked about the differences between the future economics minister and the president of the Central Bank, he answered, "Dagnino wants to lower the rate by expanding the money supply. Cavallo prefers to set a ceiling."

"But the former solution means injecting more money into the economy which would be used to chase goods," we suggested, and our interviewee finished the sentence by adding "and prices."

## Exchange Rate Problem

Meanwhile, the markets are fluctuating wildly, especially stocks, which yesterday gained back the 15 percent they had lost the previous day. It appears that this lurching, perhaps aggravated by the swells in the South Atlantic, may become the rule. Although to a lesser extent, the same thing is happening to the Bonexes and the VANAs. The former resumed their upward trend, with the free dollar quoted at about 29,000 pesos. The latter will come down a bit.

Discussions are centering on the new dollar level to be set by the new administration, since no one expects the current price to hold. It is generally agreed here that if controls are kept--that is, if demand is limited to

meet certain needs that are determined more or less arbitrarily--the price would be between 20,000 and 25,000, perhaps closer to the latter. And as someone commented, "agriculture will not get out of paying for damages;" withholding will rise to 20-25 percent, as opposed to the present level just under 15 percent. This would yield an agricultural dollar of between 16,000 and 18,750 pesos.

"A Government Whose Strength Is Its Weakness"

But there are those who maintain that the Central Bank's only chance is to let the peso float, at least on a free or financial market, because it urgently needs to restore its reserves to regularize its payments. Here, then, estimates reach 40,000 pesos to the dollar. "Who will want to sell dollars for less?" a banker remarked to us. "But they are being sold now at 28,000," we replied. "But in a very small market; if the Central Bank comes out to buy, it will send the price soaring," was his answer. We persisted: "But at the end of the year it was felt that the exchange rate was at a level of equilibrium, and since then it has gone up by 50 percent, the same as prices. Why, then, would a devaluation of more than 100 percent be necessary now?"

"There is no logic in that, except for the very logical fact that it is the price of a tremendous uncertainty. Remember that the government is hanging by a thread," he replied.

"The strength of this government could certainly lie in its weakness," noted a former minister of economics who participated in the conversation.

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CSO: 3010/1837

## COMMENTARY ON CONGOLESE PRESIDENT'S VISIT

PA171334 Havana International Service in Spanish 2310 GMT 16 Jul 82

["Our America" commentary]

[Text] On analyzing the situation in Latin America and the Caribbean, the delegations of Cuba and the Congo agreed that important revolutionary changes are taking place on the continent as a result of the struggle of the peoples against the domination and exploitation of U.S. imperialism and local turncoats. Both parties agreed that the U.S. Government is mostly responsible for the tensions in Central America and the Caribbean, and that its threats of military intervention, maneuvers and destabilizing pressures against progressive countries and the revolutionary movement in the area constitute a serious threat to peace and stability in the region.

Presidents Denis Sassou-Nguesso and Fidel Castro reiterated their solidarity with the victorious people's revolutions of Nicaragua and Grenada and demanded maximum international support to overcome the threats of those heroic countries.

Both parties expressed their support to the French-Mexican declaration aimed at finding a negotiated political solution to the bloody tragedy in El Salvador with the participation of the revolutionary forces of that Central American country. The delegations of Cuba and the Congo approved the Mexican proposals to solve the serious tensions in Central America and the Caribbean and to guarantee the people a climate of peace and detente based on full respect for sovereignty, self-determination and the right to make the economic and social changes that are necessary.

Both heads of state fully approve of the brave and heroic struggle of the Salvadoran people led by the FMLN and the Revolutionary Democratic Front against the proimperialist oligarchy and bloody tyranny, which has killed more than 30,000 persons in an attempt to destroy the revolutionary movement but so far has not subdued the unbreakable will of the people.

The problem of the Malvinas was also included in the joint declaration. Both parties condemned the British military actions and the open or disguised pressures of its allies to reinstate a colonial regime in the Malvinas Islands in open violation of the internationally recognized right of the Argentine

people to regain sovereignty over that piece of its national territory.

The delegations of Cuba and the Congo also expressed their sympathy and support to the Panamanian people in their struggle for full compliance with the canal treaties; to the people of Puerto Rico, who are subjected to U.S. colonial domination; and to the brave Guatemalan people, who have struggled since 1954 against the brutal tyrannies imposed by the United States. They also expressed their solidarity with the patriots who in Honduras, Chile, Bolivia, Haiti, Uruguay, Paraguay and other countries are struggling against fascism and reactionary dictatorships.

The delegation of Congo strongly condemned all maneuvers and aggressive acts carried out by U.S. imperialism against Cuba and reiterated its support for the just demands of the Cuban people and government for the unconditional surrender of the territory of the Guantanamo Naval Base, which the United States has usurped.

The delegation headed by Colonel Sassou-Nguesso, main leader of the Congo, also demanded the end of the criminal U.S. blockade against Cuba, which has been going on for over two decades, and of the pressures carried out by the U.S. Government against other countries to obstruct the development of their financial and commercial relations with Cuba.

The visit to Cuba by the Congolese head of state will undoubtedly contribute to bringing closer the peoples of Africa and our America, who pursue a common struggle against imperialism and its various forms of domination throughout the world.

CSO: 3010/1967

## REAGAN ADMINISTRATION SAID TO HAVE MAFIA TIES

Havana TRABAJADORES in Spanish 18 Jun 82 p 6

[Report by Pedro Garcia, for PRENSA LATINA]

[Text] Once again White House friends and officials are being questioned because of their ties with the Mafia through business, sinecures, and activities of all sorts.

In this instance, two high officials in Ronald Reagan's administration and a personal friend of the president have received public attention as "associates" of people involved in organized crime in the United States.

The person most recently questioned is the present secretary of labor, Raymond Donovan, who, according to a Federal Bureau of Investigation (FBI) report, had "personal and business relationships" with Mafia figures, who are not identified.

Another official, the first one mentioned in this regard, is the present press secretary, Larry Speakes, who, in his leadership post in the Teamsters Union, had extensive contacts with organized crime.

According to different accounts--acknowledged by the FBI, but not explained--Speakes used the influence of his union post to conduct business with the Mafia and to neutralize the progressive leadership of the Teamsters' rank and file.

In the case of the personal friend of Ronald Reagan linked with Mafia, the singer Frank Sinatra, the story is longer and well documented.

Sinatra was the virtual publicity chief for Reagan during his presidential campaign, and he organized the final presidential inauguration ceremony, which was estimated to have cost over \$1 million.

The singer, known as "the voice" in artistic circles, has been said to have Mafia ties since his debut in Hollywood during the 1940's and in the Nevada casinos.

All the information about these figures, including that concerning Reagan when he was governor of California, is discreetly filed away and kept from the public's eyes.

During Reagan's period as governor of California, press reports asserted that he protected many people linked with the Mafia and its dealings in the film industry, specifically in Los Angeles and San Francisco.

In the new case involving Donovan, the FBI reports were known at high levels even before Reagan entered office.

Orrin Hatch, the chairman of the Senate Labor Committee, and a member of the committee, Edward Kennedy, have requested the documents regarding Donovan issued by the FBI.

As the daily WASHINGTON POST reported recently, both senators said that they had been unaware of that report, although the present director of the FBI, William Webster, had made the assertion not long before.

The ruses and secrecy have not, however, prevented the Mafia from once again appearing to be an important, influential factor in North American political affairs.

9085  
CSO: 3010/1864

## U.S. CRITICIZED FOR AIDING ISRAELI ATTACK ON LEBANON

Havana TRABAJADORES in Spanish 17 Jun 82 p 6

[Carlos Mora Herman commentary: "Beirut Has Run Out of Tears"]

[Text] A few days ago, in a report from Beirut, the correspondent for the news agency PRENSA LATINA, Leonel Nodal, said, "What a crime they are committing against the heroic Palestinian people and against the noble Lebanese people, who opened their hearts and their fatherland to the Palestinians expelled from their lands!"

Our people have been deeply moved by this tragedy, and we often hear comments by citizens condemning, in the strongest terms, the genocide the Zionist hordes are committing, supported and encouraged by the government in Washington.

In the Middle East, the strategic interests of the United States and Israel coincide.

The purpose of their brutal aggression is to wipe out the Palestine Liberation Organization (PLO), to return to Syria the 30,000 soldiers of the Arab Deterrent Force, and to establish a pro-Yankee government in Lebanon composed of right-wing Christians.

They are also demanding demilitarization of southern Lebanon as far as some 50 kilometers from the Israeli border, a demilitarization that would be guaranteed by troops that were largely North American.

The Zionists, as the imperialists' policemen in the region, are echoing the Nazi atrocities in their attack on Lebanon, and they are placing themselves on a par with the British imperialists, the new 20th-century pirates of the Malvinas, with Pretoria's racists in South Africa, and with the Salvadoran and Guatemalan military men and reactionaries in Central America.

They are the international masters of crime in action.

There is something that makes one uneasy, that is startling, and, in a way, shameful with respect to events in Lebanon: the passivity of the Arab countries in the face of the barbarous actions of the Israeli Army against Palestinians and Lebanese, who have already paid a price of over 10,000 dead for the sake of their liberty, their independence, and the inalienable right of the Palestinians to have their own homeland.

The Soviet Union has issued a serious warning to Israel to end the attack on Lebanon, and it has denounced the Yankee plan to station a multinational force, primarily consisting of North American troops, on Lebanese soil.

Israel's intention is to crush Palestinian resistance and murder their leaders. To combat this criminal plan, it is necessary to bring to bear not only words but deed, actions that contribute to prevention of this monstrous crime and that avert a holocaust for an entire people.

If the plans prepared by Israel and the United States are carried out, the other Arab countries will be seriously threatened.

Premier Menahem Begin has been to Washington to give an accounting of his misdeeds to his boss, Reagan, while in Beirut Palestinians and Lebanese fight heroically and die by the hundreds under the shelling by Hitler's disciples.

Beirut has run out of tears and is fighting for survival. All honorable, just men on Earth have the duty of joining in solidarity with the epic of two brother peoples who today are providing a beautiful example of bravery and dignity.

9085

CSO: 3010/1864

## POLITICAL REPRESSION IN URUGUAY SCORED

Havana GRANMA in Spanish 17 Jun 82 p 4

[Juan Marrero commentary: "Uruguay: 'Democratic' Opportunity With More Repression"]

[Text] A new stage in the battle between the people and tyranny is in progress today in Uruguay, formerly called "the Switzerland of America." The military dictatorship, which is increasingly rejected and isolated, is making new attempts to perpetuate itself after its setback in the plebiscite of 30 November 1980.

On that occasion, the Uruguayan military men played a card that turned out to be a loser. The fascist draft constitution, which in practice would perpetuate them in power, was categorically rejected by the people. The defeat the military men suffered was so striking that they were nearly silent for several months, offering no reaction; for they had not expected such an outcome.

However, as could be expected, in recent months they have prepared and set in motion new political plans and maneuvers with which they hope to insure the continued existence of the oppressive regime.

The masquerade officially began in September of last year with the swearing-in of Gen Gregorio Alvarez as president of Uruguay. He was to head a so-called "government of democratic transition." The sham also included the announcement of a draft law concerning political parties that seeks to permanently outlaw the Broad Front and the leftist parties and groups composing it, which received over 300,000 votes in the 1971 election. The law additionally is designed to prevent other democratic groups in the traditional parties from participating in the process of political "liberalization." Furthermore, there was promulgation of a law governing trade associations that is intended to divide and weaken the labor movement. Subsequent drafting of a constitution was announced, as was, finally, the holding of general elections in 1984.

It is obvious that such a scheme and the restrictive steps taken by the present military dictatorship, which has ferociously oppressed Artigas' people since the coup d'etat of June 1973, are designed to divide the popular forces and to further the old, cherished plan to attain perpetual control.

The alleged "democratic opportunity" is being carried out by the military without their abandoning their plans to exterminate the political prisoners in the jails; without their ending the arrest and torture of leftist opponents; without their

halting persecution of prisoners' relatives; without their freeing prisoners who have completed their sentences; without their ceasing to close down publications and adopt repressive measures. In short, demagoguery and increased repression characterize this liberalization process in Uruguay.

At present, there are over 1,000 political prisoners in La Libertad, Punta de Rieles, and other prisons. Charges are frequently made that in them the prisoners are kept hooded and handcuffed much of the time, or that they are given little to eat, and that is of poor quality, or that they are not given medical attention, or that obstacles are placed in the way of visits by relatives.

The case of Raul Sendic, who in September will have been in prison 10 years, is instructive: He has been kept in underground cells for a long time, where he has scarcely been able to stand, and where there is no ventilation or even basic hygienic conditions. Prison officials have allowed this outstanding revolutionary fighter only to occasionally go out in the prison yard; but there he has been kept hooded and handcuffed. Moreover, they have not allowed Sendic, who suffers from an inguinal hernia that is in danger of strangulating, to be properly cared for by doctors.

Patriots like Liber Seregni, Jaime Perez, Hector Rodriguez, Jose Luis Massera, Adolfo Wassen, Raul Cariboni, Batlle Oxandabarat, and many others, representatives of political, labor, and student groups opposing the tyranny, have been forced to live long years under similar subhuman conditions in jails, subject to cruel physical and mental torture by the military men who today speak pompously of a "democratic opportunity" in Uruguay.

At this time, in this new stage of the struggle, the figure of Liber Seregni, who is serving a 14-year prison sentence, stands out more strikingly than ever. A symbol of the unification of all groups and of popular resistance, Seregni rests in the heart of every Uruguayan. His cry, issued behind prison bars, that we must keep fighting, for "beyond the night a light surely awaits us," has full meaning in contemporary Uruguay.

Today, our people are beginning another period of solidarity with the Uruguayan people's cause. From 17 to 29 June, in factories and farms, in shops and cooperatives, in CDR's [Committees for the Defense of the Revolution] and military units, in cities and towns, we will again express our identification with the struggle of our brother South American people. We will particularly speak out to demand freedom for all Uruguayan political prisoners as well as an end to the repression and the fascist terror, repudiating the military dictatorship's plans to continue in power.

"United in the struggle for a liberated Uruguay" is the slogan of this period of solidarity. We have complete confidence that the Uruguayan people--the same ones who carried out the heroic days of June 1973, paralyzing factories and resisting the military coup d'etat; the same people who gave a resounding "NO!" in the plebiscite of 30 November 1980--will find in this new stage of their struggle the victorious road toward independence and liberty for Uruguay.

## REPORTAGE ON INTERNATIONALIST MEDICAL DETACHMENT

Havana GRANMA WEEKLY REVIEW in English 27 Jun 82 p 5

[Article by Roger Ricardo Luis]

[Text]

"GOOD GRADES are basically due not to some children's being more intelligent than others but to good study habits, discipline, willpower and attentiveness throughout the school year...." Commander in Chief Fidel Castro made this remark in his closing speech at the 4th Congress of the Young Communist League (UJC) in reference to the 400 young men from active military service who, because of their attitude in the defense of their homeland, won the right to undertake university studies and are now vying for a spot in the first contingent of the Carlos J. Finlay Medical Sciences Detachment.

They have been studying at the República de Panamá Senior High School in the Countryside, in Güines municipality, Havana province, since March, taking an 18-week refresher course in physics, chemistry and Spanish — all basic to the study of medicine or stomatology.

**AN EDUCATIONAL LABORATORY**

The students in this school have various educational backgrounds — graduates of senior high schools, worker-farmer schools, sports institutes and teacher-training schools; many of the senior high students didn't go on to university because their grades weren't good enough, and all of them haven't studied at all for two years.

As a result, they posed a real challenge to their 18 teachers — most of whom have degrees in education — but their great discipline, willpower, tenacity, self-sacrificing spirit and desire for self-improvement have been a tremendous boon.

Dedication to study is the main principle at the school. The students receive 28 hours of classes a week — 10 in physics, 9 in chemistry and 9 in Spanish — in addition to which they put in 18 hours a week of individual study.

Conditions are excellent: they have a well-equipped lab and their teachers make the classes so interesting that the students are even more highly motivated.

Teachers and the more advanced students also help those who have problems. The former devote three or four hours a week to tutoring, and the better students spend part of their free time and rest periods going over difficult points and clearing up questions in a fine demonstration of solidarity.

**BECAME YOUNG COMMUNISTS IN THE ARMED FORCES**

Since all of them are young, they also take part in sports and have cultural programs. As part of vocational guidance, they also attend lectures on medicine by outstanding specialists and visit various hospitals.

Nearly half of them are members of the Young Communist League; their UJC activities are carried out in ten grass-roots committees, where criticism and self-criticism are meaningful tools in helping them to maintain an exemplary attitude toward their tasks and to exert a positive influence on their comrades.

Most of the UJC members were selected for membership in that organization while in the ranks of the Revolutionary Armed Forces (FAR), in recognition of their outstanding attitude in carrying out their military assignments.

## ENCOURAGING RESULTS

Reserve Lieutenant Alonso Guerrero, director of the program, stated that the academic results achieved in their first stage (March 22-May 4) were very encouraging.

On April 22, our commander in chief visited the school and got a firsthand look at the students' and teachers' efforts to make this educational experience a success.

## FORGING WILLPOWER

An old Spanish saying goes as follows: "Plant an action, and you will harvest a habit; plant a habit, and you will harvest a character; plant a character, and you will harvest a destiny."

This saying, which springs from folk wisdom, has apparently taken hold in this collective. We talked to four of the students just before a lab practice session, asking about their most important experiences in the Revolutionary Armed Forces.

All four agreed that, before being called up, they didn't spend much time studying. They used to cram for exams and often did so superficially. Now, two years later, things have changed.

Edilberto Cecilio Nodal is from Villa Clara province. He is 20 years old. A member of military unit 3074, he says that joining the

Revolutionary Armed Forces was the best thing that ever happened to him, because, as a result, he learned the real value of things, shaped his character and realized what his goals are and how to obtain them. All this he owes to the willpower and discipline he acquired in the FAR.

René Horta García, 19, is from Matanzas. He was a member of the Central Army. He told us that his most important gain from service in the Revolutionary Armed Forces was developing an understanding of the importance of comradely relations; mutual aid; courtesy; self-control; and the real value of discipline, patriotism, family and friends.

Abel Abstengo Alcalá is 20 years old and comes from Camagüey. He served in the Western Army. He told us that, when he was called up, he thought he'd never be able to adjust to military life, but it really wasn't that hard. Thanks to exerting his willpower and tenacity in carrying out national defense assignments, he now has a chance to study medicine — something that had been only a dream before.

Emilio Carmona Verdugo is a 21-year-old internationalist who wants to be a dentist. He feels it is a great honor to have served in Ethiopia.

All this shows that the Revolutionary Armed Forces are a tremendous school for our young people, where merit is rewarded.

The first results are already in. Those who join the detachment in August are expected to be just as good medical students as they are soldiers.

CSO: 3020/148

## HAVANA: CIA 'FINANCING' NICARAGUAN COUNTERREVOLUTIONARIES

Havana GRANMA WEEKLY REVIEW in English 27 Jun 82 p 10, 11

[Text]

● THE CENTRAL Intelligence Agency (CIA) of the United States is pouring out millions of dollars to finance the operation of political parties' and business, labor and religious organizations opposed to the Nicaraguan Revolution.

In an article bearing the signature of David Armstrong, the June issue of Soberanía magazine published that reliable sources confirmed in Washington that the CIA has not interrupted its operations for even a minute.

Regarding this, Armstrong wrote that through the American Institute for the Development of Free Trade Unionism the CIA has continued to contribute money to opposition trade unions by means of the so-called Confederation of Trade Union Unification.

"Two CIA agents, Joe Bermúdez and Jack Moya, worked for two years in Nicaragua under the supervision of John Walser, a CIA officer who is currently listed as a 'political officer' in the U.S. embassy in Managua," he said.

Armstrong added that "the main assignment of this work group is not only encouraging divisions within the working class but also promoting the creation of 'cooperatives' in rural areas, preferably where counterrevolutionary bands are operating, so that they can use them as support bases."

He went on to say that faced with the impossibility of overtly engaging in counterrevolutionary work, the CIA "has stepped up its efforts in the religious field by implementing a policy of making large money 'donations' to well-known clergymen and financing religious sects like the Jehovah's Witnesses."

The sources quoted emphasized that last February the Catholic Relief Fund gave a 40 000-dollar donation "to prominent Church figures in Nicaragua."

Soberanía also disclosed that the Agency for International Development, in violation of its own regulations on "donations," "hurriedly donated" 500 000 dollars to Church leaders and the so-called Higher Council of Private Enterprise (COSEP) last February and March.

Another AID "donation" of 248 000 dollars went to the employer organizations of Educréditto and the Nicaraguan Foundation for Development.

Enrique Dreyfus, head of COSEP, got an AID credit "to help the members of the private sector who show a potential for leadership take training courses in the United States," according to Soberanía.

The publication stated that the CIA sent William Hines, an agent who operated in Chile against the government of the late President Salvador Allende through the daily *El Mercurio*, to Nicaragua.

"Ever since he arrived in Nicaragua, Hines began to work in earnest and immediately got in touch with the editors of *La Prensa*, which specializes in daily manipulations of the news and prints 'opinion roundups' concocted by persons paid by the CIA and opposed to the socialist countries," Soberanía pointed out.

It also revealed that the espionage agency pays for trips abroad of opposition political and trade union leaders.

### **YANKEE VERSION OF EVENTS REJECTED BY NICARAGUA**

Nicaragua categorically rejected the U.S. version of an incident which occurred in the Gulf of Fonseca, and presented "a very strong protest for the veiled threat" embodied in a note delivered to the Foreign Ministry.

"We demand that the U.S. government cease its policy of provocation against Nicaragua and accordingly proceed to order the immediate withdrawal of U.S. war and spy ships from our jurisdictional waters," stated the note sent to the U.S. embassy.

The document described as unusual the note presented by Roger Gamble, U.S. chargé d'affaires, concerning the events that occurred last June 7.

The Nicaraguan government charged that the ship, the *US Trippe*, was detected as it sailed in Nicaraguan territorial waters, just three miles offshore.

It added that a helicopter which had taken off from a warship made a threatening approach on a Nicaraguan coast guard vessel patrolling the Gulf of Fonseca.

According to the note presented by Gamble to Deputy Foreign Minister Víctor Hugo Tinoco, the U.S. embassy claimed that the event took place outside the territorial waters' 12-mile limit.

*Barricada* and *El Nuevo Diario*, two Nicaraguan dailies, reported that Gamble made a serious verbal threat when presenting the note.

Nicaraguan Foreign Minister Miguel D'Escoto said that the U.S. note was really absurd since it ignored the fact that the event took place in the Gulf of Fonseca.

Nicaragua, Honduras and El Salvador have jurisdictional claims on the waters of the Gulf of Fonseca, in the Pacific Ocean.

### **OFFER OF YANKEE 'AID'**

Commander Jaime Wheelock branded as "cynical" the offer of aid made by the United

The EPS commander warned about more serious difficulties to come in the months and years ahead.

He said that they will have to cope with unemployment in spite of the unconditional help of friendly governments like Mexico and the socialist countries to open new work places and to rebuild those temporarily closed. He said that some plants that went bankrupt during the revolutionary struggle and others whose supply of spare parts and raw materials is diminishing due to the U.S. boycott will have to close.

The Soviet Union, Ortega announced, will build a hydroelectric plant in the country, but he added that such facilities take a long time to complete.

He warned that, faced with the struggle waged by the Salvadoran, Guatemalan and other Latin American peoples, the United States wants to destroy the Nicaraguan Revolution, "a living example of a free and revolutionary country."

CSO: 3020/148

States. He charged that the United States was trying to convert the Nicaraguan private enterprise sector into an "alternative government."

Speaking at a rally attended by state workers, the minister of agricultural and cattle development and agrarian reform charged that Washington was trying to manipulate the Nicaraguan people based on their needs stemming from the damages caused by the recent floods that hit the country.

According to Wheelock, the Reagan administration tried to put the Higher Council of Private Enterprise and the Nicaraguan Red Cross in control of the aid coming to Nicaragua from abroad.

### **DANGER OF U.S. MILITARY INTERVENTION**

Commander Humberto Ortega Saavedra, minister of defense and member of the National Leadership of the Sandinista Front, reiterated that Nicaragua was confronting the danger of a large-scale U.S. military intervention which has been in preparation since July 1979, when the Revolution triumphed.

In his closing remarks to the graduating officers of the Sandinista People's Army (EPS), Saavedra said that the Nicaraguan people are also waging a struggle against counterrevolutionary bands inside the country and attacks launched by former Somocista guards headquartered in Honduras.

He added that the Nicaraguan people are prepared to consolidate their Revolution and that "our people will never surrender to the enemy."

Referring to the serious damages caused by the recent floods, he said that the struggle will be difficult as long as plans to destroy the revolutionary process continue to be made.

The Sandinista leader emphasized that Nicaraguans want to build a society of workers and peasants, the society of new men and women that Augusto César Sandino and over 50 000 patriots dreamed about and died for.

## DUARTE BLAMES EXTREMES FOR COUNTRY'S WOES

PA180422 Madrid EFE in Spanish 1532 GMT 15 Jul 82

[Text] Madrid, 15 Jul (EFE)--Former Salvadoran President Jose Napoleon Duarte said here today that the best aid Spain can give Central America is its example as a democratic country.

Duarte, who arrived here yesterday on a leg of his tour through Europe, Latin America and the United States, will remain here until tomorrow.

He told EFE that the purpose of his tour is to meet personally with the members of the Christian Democratic Parties of different countries and "to thank the governments for the help granted and faith that they had in him, while he was president of his country."

Regarding aid that Spain might give to the Central American area, Duarte said that the most important is "the example of a democratic way of life," because by electing its government democratically, after so many years of dictatorship, Spain proved to the rest of the world that solutions can be reached without resorting to violence."

Duarte stressed the King of Spain's actions in defense of democracy and said that it "is very important for the Latin American countries."

Duarte said that another way in which Spain can be of assistance is by "being a democratic country, and not only for its citizens, for it is becoming a center in which representatives from all countries may express their opinions."

Duarte also referred to the economic aid that Spain might give to the Central American countries, and to the socio-political aspect. In his opinion, "Spain's aid in this respect can be very valuable in decreasing tensions and establishing harmony in the area."

He said, "Spain and America are one of a kind, because we are your descendants. We are a mixture of Indian and Spanish blood and there is a spiritual communication between us."

He said that the present situation in Central America is much more stable now than 2 years ago. Then we were on the verge of a Central American war, but now the situation is stable.

Duarte stressed the importance of world aid to prevent alien forces from intervening with their plans to destabilize the area politically and economically.

Referring to the elections held in El Salvador on 28 March, Duarte guaranteed that the government did not commit any fraud. He said, "We exerted a tremendous effort to protect the legality of the elections. No one can deny that the right tried to commit fraud, and that the left tried to prove that the elections had been a failure."

He explained that the elections were the first step of a democratic process "which still has a long way to go, until we get the people to take out hate, resentment, and revenge from their hearts."

Duarte said that the Salvadoran Government's position is "difficult because it is made up of five conflicting sectors, and therefore, there are many internal squabbles."

He said that the Christian Democratic Party "is participating in the government to prevent the extreme right from assuming all control. We are not in any government coalition with the extreme right. We are in the government against them."

Duarte blamed the extreme right for the Monsignor Romero's murder. He said it is "one of the murders committed by them in an attempt to destabilize the country."

Regarding the killing of four Netherlands newsmen in El Salvador, Duarte said that "there had not been any ill intention, and that it was a result of a clash between the guerrillas and a police patrol."

He said that the guerrillas no longer have the people's support. He said, "They have lost their reason, their original purpose. They are obsessed with power. They have forgotten the people and their needs."

In conclusion he referred to the new constitution that is being drafted now. He said that the Christian Democratic Party wants the constitution to guarantee the revolutionary process and to allow the opening of positive solutions to change the structure of the country.

CSO: 3010/1968

## EPISCOPAL CONFERENCE ISSUES COMMUNIQUE

PA180054 San Salvador EL DIARIO DE HOY in Spanish 17 Jul 82 pp 5, 27

[Excerpts] We have received the following communique from the El Salvador Episcopal Conference:

The bishops of the ecclesiastic province of El Salvador have ended 4 days of intensive work and we don't want to part without sending a pastoral message to the dear brothers under our care and to all the Salvadorans of goodwill on the dramatic situation we are experiencing in El Salvador. Aware that we are not experts in social, economic and political matters, we want to be the interpreters of our suffering people and, from a pastoral perspective, we want to express the following:

1. We share, deep in our hearts, the sorrow and anguish of our people, innocent victims of that unrelenting wave of violence that has already taken its toll in human lives and material damage, bringing mourning to thousands of homes and making living each day more unbearable.
2. As men of faith we firmly believe that this dramatic situation has a solution and that this solution has to be sought in a rational manner and not through sterile violence.
3. For this reason we ask all the parties involved in the conflict to abandon all unyielding positions so that they may begin a sincere, clear, loyal dialogue, full of goodwill and a spirit of authentic patriotism, placing the unity of the Salvadoran family above individual or group interests. The church is willing to work incessantly--within its own identity--for peace and reconciliation among the Salvadorans who have been forced to become enemies.
4. In conclusion, we invite all not to put their trust in human forces but on him who said peace be with you and who came to announce the good news of peace.  
[passage omitted]

With our blessing, issued in San Salvador, 15 July 1982.

[Signed] Jose Eduardo Alvarez Ramirez, bishop of San Miguel, chairman of El Salvador Episcopal Conference, Arturo Rivera Y Damas, bishop of Santiago de Maria, archbishop of San Salvador. Pedro Arnolfo Aparicio Y Quintanilla, bishop of San Vicente. Marco Rene Revelo Contreras, bishop of Santa Ana. Gregorio Rosas Chavez, auxiliary bishop of San Salvador. Freddy Delgado Acevedo, secretary general, El Salvador Episcopal Conference.

## DUARTE ON MILITARY SITUATION, POLITICAL PROSPECTS

Bonn DIE WELT in German 30 Jun 82, p 5

[Interview with Napoleon Duarte, chairman of the Christian Democrats by Manfred Schell: "The Rightwing Wants Me Dismissed." Date and place of interview not given]

[Text] The chairman of the Christian Democrats in El Salvador and former president of the country, Napoleon Duarte, is at this moment stopping over in Bonn. After conversations with Federal Foreign Minister Genscher, Minister of the Chancellor's Office Wishnewski (SPD) and CDU Chairman Kohl, Duarte gave his position on the situation in his country in an interview with DIE WELT. After the elections El Salvador is now said to have formed a "government of consensus, but also of transition." After a people of 1 or 1 and 1/2 years there are finally to be presidential elections. Duarte: "The government is unstable in its operations, but politically stable." It represents the most important political trends of the country, but there is no unity among these tendencies.

## Increase of Terror

WELT: What is the military situation in El Salvador at present? One gets the impression that the guerrillas have reduced their activities.

Duarte: It was logical that the guerrillas had to change their strategy after the election. They had been assigned the task of causing the election to fail, perhaps because there would be an enormous abstention from voting. A government characterized by weakness would also have provided the guerrillas the opportunities for military action. But these hopes were not fulfilled. There was massive participation in the election. Today the guerrillas' strategic plan concentrates more on an economic war than on a military war. I therefore assume there will be an increase in terrorist acts and a decline of military activities.

WELT: Do you feel betrayed by the extreme right as regards government power?

Duarte: No. I accept the results of a democratic election, even if they are unfavorable for me. Therefore I do not feel betrayed. The rightists nevertheless are quite obviously trying to eliminate the Christian Democrats and

myself as power factors, but up to now they have not completely succeeded in doing so. There is a kind of cyclical movement in the political process. At the moment we are in a transitional phase, after which there will be a turning point and more stable power for the Christian Democrats.

WELT: Are there prospects now for the Christian Democrats and the representatives of the Left opposition sitting down around a table and working out a concept for the future of El Salvador?

Duarte: This decision rests more with the leftists than with the Christian Democrats. We are looking for the democratic way, and we have offered the extreme Left and the extreme Right a dialogue about it. The leftists do not want to accept the democratic rules of the game. A participation in the government is acceptable only if the groups have previously presented themselves to the voters. It has to be seen how great is their support among the people. It is votes which decide, not the number of machine pistols and cannon.

WELT: What role does the military play now in El Salvador?

Duarte: They have several tasks. They have to guarantee the social structure of the country, but at the same time complete the transition after 50 years of dictatorship to a democratic government. The military are an organ for the moment of a great crisis, without influencing the government over the long pull. As a third step I see the return of the armed forces to their constitutional role and a sovereign government.

WELT: During your stay in Bonn you have spoken with representatives of the Federal Government and the CDU. Do you expect concrete help for El Salvador?

Duarte: I came in the first place to thank the German Christian Democrats for their support in the elections, and also for their moral support. I will try to explain the realities in El Salvador to politicians of all democratic parties, and give them criteria for judgment, so that they may assess their attitude toward El Salvador. The West must understand how important support is for a country struggling to build democracy. It should not rely on false reports, and it must recognize that one cannot achieve freedom and justice overnight on the basis of the past. We need economic aid, credits, trade relations. There must be markets for our products.

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CSO: 3103/570

## POLICE REPORT MAYOR MURDERED, TWO MISSING

PA170339 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 15 Jul 82

[Text] The police have reported that a major recently appointed by the president was murdered in El Quiche department and that two deputy mayors are still missing.

(Roberto Noriega Giron), who was appointed mayor of Zacualpa on 1 July, was shot to death yesterday along with other city officials. Zacualpa is 42 km north of Santa Cruz del Quiche, the departmental capital, and 164 km from Guatemala City.

The authorities reported that (Noriega Giron) could have been the victim of an ambusy. It was said that he received a call asking him to go to a neighboring village and that he was ambushed on the way. Investigations are being conducted to determine if the call was a setup.

Meanwhile, the authorities are investigating the whereabouts of two deputy mayors who were also appointed on 1 July. The two men are (Julio Samayoa) of Cuyotenango, Suchitepequez, located 188 km south of Guatemala City; and (Denis Rolando Veliz Fernandez) of Antigua Guatemala, 42 km west of Guatemala City. It is believed that the two men were kidnapped. (Julio Samayoa) disappeared after being appointed to the office of deputy mayor and (Veliz Fernandez) disappeared before he was sworn in.

It was learned that other mayors appointed by the president have also been threatened.

CSO: 3010/1969

## BRIEFS

COMMENTS ON SUBVERSIVES--The acting defense minister and incumbent deputy defense minister said yesterday that the subversives have not been defeated but are in their last stages. The official added that weapons had not recently entered the country from Nicaragua. If they had, the subversives would have already begun greater activity. The deputy defense minister said that the subversives have been curbed in the northeastern part of the country, although the public forces have not used all their strength. He attributed this to the amnesty decree that has reduced the assistance and resistance on the part of the peasants. [Text] [PA172303 Guatemala City CADENA DE EMISORAS UNIDAS in Spanish 1230 GMT 17 Jul 82]

ZONE MANAGER--Edgar Augusto Rios Montt, brother of Guatemalan President Efrain Rios Montt, took over the office of manager of the trade and industry free zone yesterday. Mr Rios Montt replaces Col (Oscar Morales Lopez) who resigned to the office. On leaving yesterday (Morales Lopez) said that he was leaving an economically solvent and administratively efficient enterprise. [Text] [PA172257 Guatemala City CADENA DE EMISORAS UNIDAS in Spanish 1230 GMT 17 Jul 82]

CSO: 3010/1969

## PRODUCTION COSTS SAID TO CAUSE RISE IN PRICE OF RICE

Bridgetown ADVOCATE NEWS in English 22 Jun 82 p 3

[Text]

GEORGETOWN, Guyana, (CANA) — Increased production costs were responsible for the Guyana Government decision to raise the prices of rice exported to Caribbean Community (CARICOM) and other markets, the state-owned Chronicle newspaper has reported.

The newspaper also quoted an unidentified official of the state-controlled Guyana Rice Board (GRB) as saying that Jamaica was the only CARICOM country to resist the annually negotiated price increases.

The Jamaica Daily News newspaper reported that Jamaica has stopped buying Guyanese rice because of the price increases being sought by the Guyana rice board.

It was reported that the higher prices would have increased the Jamaican rice bill by J \$4.8 million.

The GRB official said the increases in the price of

Guyana's rice exports were due to spiralling production costs.

The Chronicle newspaper stated that Guyana trade statistics show yearly exports of rice to Barbados have declined from 7 000 tonnes in 1975 to just over 3 000 tonnes last year.

Barbados was said to be particularly interested in importing parboiled rice which is not produced in Guyana in large quantities.

Meanwhile, the Guyana Rice Board has announced increases of up to \$3.9 to be paid to local rice farmers for a 180 pound (81 kilogram) bag of rice to encourage them to increase production of a number of varieties, including parboiled rice, in order to satisfy market requirements.

A GRB statement also said the board would shortly arrange a meeting between farmers and importing firms to examine farmers' needs for spare parts for machinery and other inputs for production.

CSO: 3025/353

## JACKSON SAYS ESSEQUIBO SOLUTION IN 'ACCEPTANCE OF BORDERS'

Port-of-Spain TRINIDAD GUARDIAN in English 20 Jun 82 p 4

[Text] Georgetown, Friday (CANA)--Guyana has called on Venezuela which claims its vast Essequibo region, to accept the boundary lines between the two South American states.

Guyana's comment on the claim to two-thirds of the country came on the eve of the expiry of a 1970 protocol shelving the dispute for 12 years.

The state-owned "Chronicle" newspaper yesterday quoted Guyana's Foreign Minister Rashleigh Jackson as saying that "any particular solution rests with a full acceptance of the present boundaries."

An international tribunal fixed the boundaries in 1899. Venezuela said there had been a conspiracy to cheat it out of land.

After the Protocol of Port-of-Spain expires, Article Four of a 1966 Geneva Agreement between the two countries will come into force, giving them three months to decide on procedures for settling the dispute.

The "Chronicle" quoted Mr Jackson as saying that the means open to the two sides for reaching a solution included bilateral negotiations, conciliation, adjudication by an international body and the intervention of the United Nations.

"For Venezuela this has come to mean a partial recovery of territory but for Guyana the issue surrounds the validity of the arbitral award of 1899 and that practical solution rests with a full acceptance of the present boundaries," Mr Jackson said.

Guyana has not yet disclosed publicly which option it favours.

However, the Venezuelan ambassador in Guyana, Sadio Garavini, told Cana his government would issue a formal statement on the matter soon.

He indicated that Venezuela prefers bilateral talks to try to resolve the dispute.

Ambassador Garavini recently returned to Georgetown after two weeks of consultations in Caracas.

The "Chronicle" quoted Minister Jackson as saying Mr Garavini presented him with official replies to notes of protest issued by Guyana.

The protest notes included charges that Venezuelan infantrymen had made an aggressive approach across the Guyana border at Eteriengbang, on May 10 this year.

"The official line as expressed in the reply brought by Garavini disclaimed knowledge of the incident," the Chronicle reported.

CSO: 3025/353

## COMMENTATOR OFFERS ALTERNATIVES TO SEAGA 'MISTAKES'

Kingston THE DAILY GLEANER in English 24 Jun 82 p 8

[Text] We cannot go on like this. At the moment the government of Mr Seaga is placing great emphasis on an outward looking development policy but seems reluctant to institute the kind of measures and strategies to achieve its goal. It has talked a lot about structural adjustment but is doing very little in this area as it appears to be more committed to the party theme of change without chaos.

Meanwhile the Opposition Party of Mr Manley seems to be still in love with its development strategies of the seventies and as such has de-emphasized the significance of voter rejection at both the national and local government level. The party continues to mouth anti-US platitudes while still talking glibly about people programmes and true political sovereignty. In all the chatter very little acknowledgement is made of the critical need for foreign exchange or even more importantly the likely sources of such foreign funds.

Between these two positions are three other options we could be pursuing currently. I dare say yes in light of the persistence of several of our problems and the deepening recession worldwide.

#### Commendation

These problems include:

- (a) the dismal state of our utilities;
- (c) the high level of unemployment which is likely to go even higher in coming months when school leavers hit the streets;
- (d) the high costs of housing accommodation;
- (e) the mismatching of low level educational achievements with job requirements;
- (f) the inability to attract teachers for the high demand professions;
- (g) a high level of physical plant and equipment obsolescence;

(h) the absence of much needed infrastructure such as abattoirs and cold storage facilities;

(i) a rebound in fertility rates;

(j) a perception that prices are out of line with the average income;

(k) shortage of foreign exchange;

(l) a sense to which some members of the society who are sceptical about deliverance's capability to deliver in three years is warning the society that they could be right.

Before offering alternative suggestions one should commend the government for trying assiduously to obtain sufficient foreign exchange to move the economy forward. As Carl Stone noted some months ago the "JLP has set in motion an elaborate network of collaboration with US private sector interests." Also "relations with international lending agencies have improved and new inflows of loans have been negotiated to plug a few of the many holes in our yet unsatisfied demand for foreign exchange."

The government should also be commended for tightening up areas of public administration and emphasizing the bottom line approach to state-run enterprise. Further pluses would include its attempt at moderating the rate of price increase as well as initiating and pushing such brilliant ideas as the bauxite stockpile forward purchase agreement and the Caribbean Basin initiative.

But despite these conceptual breakthroughs I believe Mr Seaga and his team are still making a lot of mistakes.

For one they are underestimating the time period involved in project analysis, planning and execution. For politicians committed to a private sector path of development I am disturbed at the great store they have placed on their timetable for new investments. It is simply far too optimistic.

Secondly, their simple faith in change without chaos reflects an inability to come to grips with the tremendous loss of professional and managerial people during the seventies and the negative implications of limited capital spending for several years.

#### Commodity and Currency

Thirdly, their desperate attempt to prove that market-oriented economies are not synonymous with shortages of consumer items is as puerile as Manley's attempt in the seventies to prove that democratic socialism is "badda and betta" than what transpired before. Both men are guilty of ignoring the movement of commodity and currency prices in the international arena and the implications of recession-diminished world trade on small open economies like Jamaica.

## New Approach Needed

Fourthly, the Prime Minister's attempts to prove himself a magician who can take an economy suffering from eight years of negative growth, limited capital spending and not only turn it around in three years but be able to satisfy in the interim the demands of consumers, manufacturers, farmers, you name it, ignores the utility of timing and the blessings of preparedness. And as world events are going today somewhat like our utilities--we are certainly not prepared to deal with the expectations of the society.

I believe we need a new approach. While my suggestions are itemized and will be dealt with individually in a series of articles the feasibility of my alternative is based on a simultaneous adoption of the recommendations. They are as follows:

### (1) Devaluation

A massive devaluation of the currency is needed to reflect realities.

### (e) Corporate Tax Reduction

A 33 percent reduction in the energy tax credit as well as a halving of corporate, excise and consumption taxes for a three-year period for the manufacturing sector.

### (3) An Open Economy

A total opening up of the economy except in a very limited area. This would include pushing off-shore banking options.

### (4) A New Role for the PM

A major shift in the role played by the Prime Minister. This would entail his giving up his post as Minister of Finance and Minister of Energy and Mines.

### (5) Improved Remuneration for Politicians

A 60 percent increase in salaries above the Stone/Sasso recommendations for Members of Parliament. This would allow them to concentrate fully on the nation's business.

### (6) A Boost for Tourism

A much greater allocation to tourism to allow that sector to reach its full potential.

### (7) A Greater Emphasis on Agriculture

A more enhanced linkage-oriented agricultural policy to offset our marginal performance at the moment.

(8) Shifts in Income Tax Assessment

The installation of a more sophisticated computer at the Income Tax Department that can deal with changes in net worth. Changes should also be made in the unworkable and unrealistic tax brackets now in use.

(9) Property Tax Assessment Changes

A major shift in property tax assessment from unimproved value to improved value.

(10) Tax Benefits for Teachers

A sliding scale of tax relief benefits for teachers.

(11) Public sector improvement in customer relations. A much more sustained attempt to upgrade the bureaucratic efficiency with which the state apparatus works.

The foregoing would result in massive adjustments and some dislocation but would be no more costly to the government than the policies it is presently pursuing. There would, however, be a greater emphasis on production and output rather than the present bias to consumption.

CSO: 3025/353

## TOURISM MINISTER OUTLINES PLANS FOR GOVERNMENT SPENDING

Kingston DAILY GLEANER in English 24 Jun 82 pp 1, 14

[Text] A sum of \$12 million is to be spent by the Government this year on marketing the Tourist industry, the Minister of Tourism and Information, the Hon Anthony Abrahams, said yesterday.

In spending the amount, the Government would bear in mind the cost per head of bringing tourists into the island, Mr Abrahams said, speaking in the sectoral debate in the House of Representatives.

The Minister said Tourism did remarkably well last year, bearing in mind the marketing conditions that existed. Between 1972 and 1980, Jamaica's share of the regional market had dived from 8.3 percent to 5.7 percent but picked up last year to register 6.2 percent.

If the Tourism industry had been managed effectively between 1973 and 1980 and had been able to maintain its share of the market, it would have meant one million extra tourists to Jamaica, an extra \$470 million, which would have covered half of the debts incurred by the government during the period.

Declaring that performance of Tourism would play a significant part in the performance of the recovery programme, he said Jamaica was among the top five countries in the world in terms of its dependence on Tourism as a source of foreign exchange and therefore failure in the tourism sector would mean the failure of the economic recovery programme.

Last year, the industry showed a 30 percent annual growth against a background of high unemployment worldwide and a soft market. While other countries in the region were down in the number of tourist arrivals last year, Jamaica had shown an improvement.

"Tourism has performed and no one can deny that," the Minister said.

Responding to claims by the Opposition spokesman on Finance, Mr Seymour Mullings, that foreigners were replacing Jamaicans and many jobs were lost in the industry, Mr Abrahams said that 2,105 persons were made redundant with the agreement of the unions when the hotels were being divested.

A total of 1,503 persons were re-employed when the hotels were leased and with the bumper winter season the figure rose to 1,807 persons re-employed.

Of the 13 foreigners named by Mr Mullings, eight had been taken on for two months to train hotel staff and five were hired for one year, also to train staff.

Mr Abrahams accused Mr Mullings of seeking to "wrap up the industry in nuances about fascism in Chile" by claiming that one of the foreigners was a Chilean. Mr Abrahams said that the person referred to was a Peruvian.

On the subject of information for which he has responsibility, the Minister said that the newsroom staff of the Jamaica Broadcasting Corporation who were made redundant last year could not be held up to the society as martyrs.

He quoted from news reports published by the J.B.C. during the last General Elections to show that the staffers were "biased" against both the then Opposition and the Security Forces and had not acted "professionally" in their jobs.

Mr Abrahams said that the only time press freedom was suspended in Jamaica since 1944 was during the State of Emergency in 1976.

The Government believed in diversity of opinion in the media. Legislation affecting the Public Media Commission was being drafted by the Chief Parliamentary Counsel and was expected to be before Parliament this year.

The Government was committed to the divestment of the Jamaica Daily News and within limits, was seeking to make the company viable so as to divest it.

"We are not afraid of a multiplicity of news," the Minister said. "If you put lies out there and truth out there, truth will always win."

The Government also intended to divest its share in Radio Jamaica Limited to the private sector, but wanted to ensure that no small group of people could get together to control the direction of the station, the Minister said.

CSO: 3025/353

## MINISTER OUTLINES FREE ZONE, OTHER DEVELOPMENT PLANS

Kingston THE DAILY GLEANER in English 16 Jun 82 pp 1, 15

[Text]

THE MINISTER OF PUBLIC UTILITIES and Transport the Hon. Pearnel Charles, announced yesterday that the Government is enacting legislation to facilitate the establishment of additional Free Zones in Jamaica.

The Minister was speaking in the House of Representatives in the sectoral debate on the Government policies and programmes over the past year, and its Budgetary projections for the current financial year.

The Kingston Free Zone will be expanded from 14 acres to 37 over the next four years under a \$40-million development programme.

This development will provide additional infrastructure including roads, water, electricity, lift-station for sewerage disposal system, parking areas, landscaping, 80 factory units totalling approximately 520,000 square feet and construction of security wall and shoreline protection.

Financing of the programme will include a World Bank loan of U.S. \$13.5 million (J\$24 million). The Government of Jamaica and the Port Authority will provide J\$5.86 million. The loan was approved by the Board of the World Bank in March this year.

THE KINGSTON FREE ZONE has been pursuing a policy of attracting companies which can assist in the country's economic recovery programme. As such, in the short term, the Free Zone will be concentrating on companies that can mobilize production in a minimum period and create a high level of employment.

While in the short-term and medium-term labour-intensive sectors were targeted, in the long term appropriate emphasis was being placed on heavier industries which could provide long-term benefits to the economy such as linkages, technology, skills and entrepreneurship.

The presence in the Free Zone of a large Canadian company utilizing a high volume of local raw materials, and a fish-processing plant represented the category of companies which the Zone was seeking to attract in the long term.

Mr. Charles said that the Free Zone was playing a significant role in the country's economic recovery programme by being a prime vehicle for attraction of foreign investment.

"Because of the progress in the Kingston Free Zone legislation is being enacted which will put the establishment of additional zones in Jamaica wherever Government so decides," he said.

• **SPEAKING ON JAMINTEL** the Minister said that the development programme for 1981/87 would cost \$70 million. The major elements of this programme would include: modification and expansion of the Prospect Pen Satellite Station; international telephone exchange (stored programme controlled); international telegraph switching system; circuit expansion of the Jamaica-Florida cable system; alternative microwave back haul system; Caribbean Basin cable system; and, JAMINTEL centre building extension.

The contract for a new telephone exchange, which will be of the latest design and will have a capacity of 1200 circuits, and a building extension of the company's technical centre will be signed within the next two weeks.

On the Jamaica Public Service Company, the Minister said that he could assure the public that the performance of the JPS will improve and continue to improve, and that "an efficient and reliable system will again be established as soon as possible and within a two-year target."

The Number Three unit at Old Harbour will be back in operation by July and the Number Four unit will be completed by November, according to the estimates of the engineers involved.

Electricity sales for the first four months of the year were showing an increase of 1.2% over the first four months of 1981, he said.

**ON WATER**, The Minister said that the current demand exceeds the capacity of the existing resources. The deficit fluctuated significantly and became more pronounced during the drought conditions, when there was the combinations of increase demand and reduced output.

Two short-term measures to improve the situation will be the increase in the capacity of the Hope Filter Plant from six to eight million gallons, and the establishing of wells at Devon House, King's House, Shortwood Road, Havendale and Lime Tree, to add approximately 3.5 million gallons per day.

CSO: 3025/353

## ADDITIONAL ITEMS REMOVED FROM PRICE CONTROL LISTS

Kingston THE DAILY GLEANER in English 16 Jun 82 p 1

[Text] Twenty-one items have been decontrolled in continuation of the Government's policy of deregulating the economy.

The items that have been removed from the Government's specific price control lists A, B and C are: Canned herrings, beef (corned in tins) pickled mackerel, infant food, unsweetened evaporated milk, packaged rice, granulated sugar, dry detergents, Milo, malted milk, Ovaltine, carbonated beverages, pencils, crown corks and bottle caps, insecticides, fungicides, distributor points, batteries, axes, blunt saws and paint.

A Ministry Paper giving this information was tabled in the House of Representatives yesterday, bearing the signature of the Minister of Industry and Commerce, the Hon Douglas Vaz.

The Ministry Paper said the Government had already indicated in "broad terms" those strategies which it was adopting to "restore vibrancy" to the economy within the ambit of the economic recovery programme.

"These point inter-alia to the provision of an adequacy of goods and services, expansion of output with particular emphasis on exports, the restoration of confidence in the private sector, and a gradual downgrading of the regulatory machinery, especially as it affects import licensing and price controls," the Ministry Paper said.

"Over the past five years the principal instruments of price control have been substantially limited to:

- (a) the setting by Government of specific prices on a range of basic items (List A) after a recommendation by the Prices Commission to the Ministry.
- (b) the granting to the producer or distributor by the Prices Commission the freedom of adjusting prices to take account of certain allowable cost increases, of which notice of intent to do so would have been given to the Prices Commission (List B).
- (c) the granting to the importer and distributive trade the privilege to adjust prices on another range of items by certain fixed percentage margins (List C).

Technical work in substantiating the justification for price increases was, and still is, carried by the Prices Commission; and as it was in the past, the Commission continues to exercise the power under the Law to monitor the prices set to ensure compliance.

"Given the background and new policy objectives of the new Administration which seek to (a) allow market forces to play a greater role in the allocation of resources,

(b) reduce institutional and procedural barriers which hinder efficient working of the market mechanism and the private enterprise system.

(c) ensure that adequate stocks of basic commodities are available and that the best management of purchasing, shopping and such other arrangements ensure delivery to the consumer at reasonable prices,

(d) encourage increased investment in priority areas consistent with the country's competitive advantage and overall development objectives.

(e) to change from quantitative restrictions to tariffs as the principal instrument of protection for the production of goods for the domestic markets.

"It is expected that these policies collectively and individually would have a significant and beneficial effect on the movement of prices generally, as has been demonstrated by the dramatic reduction in the movement of the Consumer Prices Index in 1981.

"In continuation of the Government's commitment to deregulation and its implementation in the area of prices policy, the measures which are now being effected can be seen as (a) the number of items under specific price control (List A) being reduced by a further seven items and (b) a further 14 items from Lists B and C."

The ministry paper said: that the new policies could be stated as follows:

(a) Government sees increasing the levels of supplies of basic items as an important part of its price control strategy and will continue to ensure that purchasing, shipping and other costs are kept in the barest minimum.

(b) Government is prepared to use competition in the market place to ensure an adequate supply at the lowest possible prices and has already taken a number of steps to further this effort, new investors being encouraged, judicious imports being allowed in at critical times, and the wider use of the no-fund licence to augment supplies.

(c) Formal price control will be limited to the residual items under list A, B and C. However, the Prices Commission will continue to monitor price movements on behalf of the consumer.

(d) And guidelines to the Prices Commission in assessing the applications for price increases will continue to take account of the necessity for reasonable rates of return on capital employed, of legitimate increases in the cost of in-puts, and the maintenance of percentage rather than monetary margins.

"All of these policies are geared for full implementation in 1982 and it is expected that this wide frame of reference within which price control is now set will have beneficial effects on consumer and producers alike," the Ministry Paper said.

CSO: 3025/353

## COMMENT ON DEPARTURE FROM OFFICE OF ALEXANDER HAIG

Mexico City EXCELSIOR in Spanish 29 June 82 p 8-A

[Manuel Roberto Montenegro commentary: "Alexander Haig; the Swallow That Made a Spring"]

[Text] The most serious error by Gen Alexander Haig that led to his resignation was that he was too efficient. As supersecretary in the U.S. Government, he never noticed that he who advances slowly travels far, and, in the case of public officials, to the end of a president's term.

It is not customary in the Western democracies to remove high administration officials with such gang-fraud if he disagrees with the chief of state, through the expiration of the latter's term or through his resignation following a scandal (Watergate and, in the ranks of prime ministries, the Profumo case). In recent U.S. history, however, a departure of the magnitude of Haig's has occurred only rarely. Although confrontations between the president of the United States and his secretary of state are indeed common, they are smoothed out in time to ward off political crises inconceivable in a country that is the world's policeman; for such conflicts are permissible only in newly democratic nations: Asia, Africa, Latin America.

Henry Kissinger and Cyrus Vance did not always maintain a harmonious relationship with their superior, but the latter did not stoop to practices of such impulsive stupidity as those to which Ronald Reagan is prone.

If we affirm that Alexander Haig was very efficient, then, in carrying out his country's tough policy, with respect to world conflicts, he was doing no more than giving shape to the usual line that is his empire's hallmark of supremacy.

With genial irony, the EXCELSIOR editorial has explained Haig's "grotesque flight" as the result of a confrontation of aggressive spirits between him and his superior, aggression that ultimately defines the United States in a nutshell: arbitrary, pillaging, predatory, insolent, violent leaders.

The neo-Nazi Shultz (and Manuel Buendia will provide us with his complete curriculum one of these days) is taking over as the replacement not because U.S. policy has suddenly become humanitarian, because it laments the persecution Palestinians suffer in no-man's-lands or is contrite about the 2,000 absurd deaths in the Malvinas, or because it thinks the genocide in Central America is going to be an insurmountable disgrace to its diplomacy.

Alexander Haig fell from grace with Ronald Reagan because he was a swallow that made a spring in the United States' stormy foreign policy. There was no hesitation in offering the image of "champion of democracy" and in fortifying militarily and economically useful enclaves where needed; there was no sacrificing of expansionist boldness to keep up appearances for allies; and when in an extreme case (which arose) he had to chose the more powerful ally to the detriment of the other, the step was taken without shame, without insolence or remorse.

Alexander Haig called a spade a spade. He was true to himself in accordance with the distorted canons of the imperial ethic: to behaye like Cain when necessary (and for the Arabs and Israelis the biblical reference comes in handy), to be invaders when appropriate, and criminals for the sake of strategy.

In comparison with the honeyed evasions of Henry Kissinger, often put in tight spots to simultaneously be an academician, a humanist, and a merciless Attila, General Haig did not have this problem during his months in office. He was brilliant, feared, hated, unique. Haig the Hitler! But . . .

When power is not shared; when in the interest of vanity advisers are scorned; when all the glory of the imperial spring is claimed after the fashion of the royal swallow, and, especially, when the sadistic sweetness of running the guillotine along with the president is not shared, then . . . The resignation comes. The United States is also presidentialist. To him, it is a vice imported from the Third World, and Alexander Haig did not understand it as such. He rose very high, and the fall was sudden and bitter.

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CSO: 3010/1840

## CASTANEDA SPEAKS ON RELATIONS WITH UNITED STATES

Mexico City EXCELSIOR in Spanish 24 Jun 82 pp 1-A, 15-A

[Report by Felicitas Pliego]

[Text] There are in fact problems in our relations with the United States, and there very likely will continue to be problems. We should admit it and not play dumb by maintaining the contrary. It would be a very serious error for Mexico to adopt that stance. This was stated unequivocally by Secretary of Foreign Relations Jorge Castaneda, who asserted that Argentina should have sovereignty over the Malvinas. He also announced that the Latin-American countries will exert heavy pressure on Great Britain within the United Nations to put an end to one of the last vestiges of colonialism in the region.

Castaneda acknowledged that our policy regarding Central America--"which is a part of relations with Washington"--has brought us difficulties with the U.S. Government: "Naturally, the more active a foreign policy is, the greater the risk of offending one country or another. However, the position taken is the one that suited Mexico's interests and one appropriate to its situation as an intermediate power located in an extraordinarily important, strategic region; I would call it almost inevitable."

It has been a calculated risk, he noted, and one worth taking. "I think the results have been good. For a long time we thought it wasn't necessary to become involved in others' problems. Why should we express an opinion on what is happening in the Middle East, South Africa, or the Malvinas? Why should we quarrel with people when we can avoid disputes by staying uninvolved? But President Lopez Portillo believed that Mexico is now a mature country and that it should advance, despite all the risks it has to run."

Unlike the situation some 30 years ago, international policy has become an essential resource for domestic progress. It is now a very important issue, and that is the reason for Mexico's increased activity. The balance is favorable; at least, we are not behind the times. Our proposals are listened to and taken into account because our foreign policy is substantial and responsible: We do not try to make noise. We want to do constructive things, "and I think we've achieved that to a great extent."

Concerning relations between Mexico and the United States, Castaneda said they have always been difficult. The most serious problems affecting Mexico are trade,

undocumented workers, and many others, complex ones to be faced daily, throughout the country. We negotiate with good will, but each country has internal obstacles to resolution of issues. We believe we're right and that at times the failure to agree is due to an unjustified position taken by the United States.

Castaneda acknowledged that it is natural for foreign policy to change in accordance with each president's style. This happens throughout the world. However, he stressed, Mexico is one of the few nations that can boast of admirable continuity and consistency in this sphere, or of a stability of foreign policy based on the principles of self-determination and nonintervention.

#### The Malvinas are Argentine

We believe, Castaneda went on, that Argentina should have sovereignty over the Malvinas, though we condemn the use of force to recover them as an illegal and politically reckless measure. Taking advantage of this grave error, Great Britain refuses to negotiate over the islands. This is an issue, however, that interests not only those nations but the entire world community. As a result, all the countries in the region will exert pressure within the United Nations to end one of the vestiges of colonialism in our region.

It should be discussed in the UN General Assembly, probably in September, for the simple reason that negotiations between the two countries did not progress a single centimeter in 17 years because Great Britain said, "No," and that was enough. As a result, all of Latin America must exert pressure.

#### Condemnation of Israel

Regarding the invasion by Israeli troops of Lebanese territory, Castaneda repeated the condemnation issued by the Mexican Government when the conflict began: "This is a patent and extremely serious--because of its magnitude--case of violation of one of the most sacred principles found in the UN Charter: prohibition of the use of force. We favor Israeli withdrawal and restoration of the previous situation, although we recognize Tel Aviv's right to demand that attacks not be launched against them from Lebanon.

They are entirely right in that regard, he said, but the way to achieve their goal is obviously not by taking over half the country and using a vast wave of force that led to the deaths of 10,000 civilians, "a truly barbarous thing." Thus, we condemn the aggression by Tel Aviv's troops and favor their withdrawal.

#### We Are Not on the Verge of War

At his press conference, Castaneda ventured assurances that what happened in the Malvinas did not endanger world peace. What is taking place in Lebanon is much more dangerous, he noted, although "I don't think it is threatening to become a universal conflict." The greatest threat of all is the arms race because the major powers are spending increasing sums on weapons, money that is essential in other areas.

Another extremely dangerous factor is the growing decline of underdeveloped countries and the great powers' rivalry relative to the Third World. Concerning the arms race, he pointed out that Mexico traditionally has been one of the most active nations in the area of disarmament and that it has contributed to it with ideas, suggestions, and proposals. Recognition of this is seen in the appointment of Ambassador Alfonso Garcia Robles, our country's permanent representative to the Permanent Conference, to be head of the group responsible for drawing up the UN's Comprehensive Disarmament Program.

#### There Is No Change for Mexico

Castaneda stressed that invocation and attempted implementation of the Inter-American Reciprocal Assistance Treaty--for which Mexico never cared a great deal--failed in the Malvinas conflict. The fact is that in the past it was used on several occasions counter to its fundamental purpose, which was to defend us from an armed threat from outside the American continent, something that had never occurred; it was used to benefit domestic interests in certain countries. At one time, it was Cuba; at another, Guatemala, for example.

We are members of it, and we fulfill our responsibilities; but it is not a treaty that enjoys very broad support in Mexico, and we weren't disappointed that it was implemented less and less often. "Now, I don't think this fact means that there should be a Latin-American defense treaty. I doubt that the conditions for doing that exist at present or will in the near future, owing, among other things, to the political heterogeneity of the region. Moreover, I'm not sure of its usefulness."

Concerning the possibility of a new U.S. policy relative to Latin America, following the position taken in the Malvinas case, a policy of reconciliation with the region, Castaneda said, "Well and good, if they in fact attempt to do so, to an extent, by means of concrete measures. Where Mexico is concerned, that's not the case. We will continue maintaining, with regard to Washington, a position based on the inherent merits of each case that arises."

"They'll propose what they have to propose to us, and we'll study it fairly and take the constructive position we've always taken. Where Mexico is concerned, I don't think there'll be any change or that there's the least importance in this policy of reconciliation they say the United States is launching with respect to Latin America."

#### We Haven't Forgotten Guatemala

In the context of foreign policy regarding Central America, it has been said several times that in contrast with our activity concerning Nicaragua and El Salvador, Mexico "has forgotten Guatemala." However, Castaneda stressed that this is not true. "All that has happened is that there has been no international situation that deserved or permitted action similar to that taken in the other cases. "The situations are different."

"The El Salvador affair was already a civil war, practically, with ramifications on all sides. The countries took sides, and it at least seemed desirable to call for negotiations. Mexico did that because it seemed the proper time for it. We

weren't successful, but it was worth the trouble and seemed right; and how good it was that we did it. And if the opportunity arose again, we'd do it again," he said.

Thus far, the Guatemala case has not presented us with a similar situation. We are maintaining normal, extremely scrupulous relations with the Guatemalan Government, particularly with respect to the principle of nonintervention. We have not helped one side or the other. Just as in El Salvador, we have not given as much as a pistol to anyone. Our stance has been truly exemplary.

#### There Is No Reason for the Conflict to Reach Us

As for the possibility of a military confrontation between Mexico and Guatemala or of a crossing of our southern border by the revolutionary struggle taking place in that country--as the U.S. secretary of state recently suggested--Castaneda said no such danger exists. "First, I consider it difficult; and, second, it's impossible, in reality. Mexico's situation is radically different from Guatemala's. There may be poverty here, and there's certainly a linguistic and ethnic similarity; but the economic and political situation is entirely different."

"The Guatemalan peasants' struggle simply would be meaningless in Mexico, for we already experienced that phenomenon, only it was 60 years ago. We've already overcome that, and it cost us plenty. I'm convinced that the problems affecting Guatemala won't cross the border."

Finally, Castaneda spoke of the urgent need for the United Nations to initiate comprehensive negotiations between the industrialized countries and developing countries, noting the achievements in this regard during the Cancun meeting and the Versailles Summit--involving The Seven. He pointed out the importance of the results obtained by the Third World at the recently concluded Third Conference on Law of the Sea, despite the United States' opposition to the creation of an international authority that, in President Ronald Reagan's words, "sets undesirable precedents for international agencies." Castaneda also said that of our problems with another nation, the issue of undocumented workers will continue to be dealt with for at least another 10 years.

"It's a difficult, complex matter that reflects causes as natural as the powerful attraction represented by a society as rich as the United States. We've dealt with it in part, as our predecessors did, and as those who come later will also have to. Not only the next administration, but the one coming in in 1988, will still have to face it. I think that the next government should negotiate more seriously in this area, depending on how the situation in the United States evolves."

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END